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OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT
(A) SPECIFIC ACTIONS RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LANDLOCKED DEVELOPING COUNTRIES

Progress report by the UNCTAD secretariat

Executive Summary

Despite some positive developments in transit transport systems, lack of territorial access to the sea, aggravated by remoteness and isolation from world markets and high transit costs, risks continue to impose serious constraints on the overall socio-economic development of landlocked developing countries. As, they have not been able to take full benefit of the new trade and investment opportunities offered by the process of liberalization and globalization, they are in need of greater assistance to enable them to integrate effectively and beneficially into the global economy.

As most transit countries are themselves developing countries facing serious economic problems, including the lack of adequate transit transport infrastructure, regional cooperation initiatives, such as the World Bank's trade and transport facilitation project in South-East Europe and the Southern Africa Development Corridor and Spatial Development Initiative (SDIs) can be an asset through pooling resources and achieving needed economies of scale.

Effective regulatory frameworks and establishment of a conducive environment is a prerequisite for infrastructure development. Landlocked and transit developing countries should on the one hand, expedite reforms in the transport and related sectors and on the other hand, donors should reverse the downward trend in official development assistance (ODA). Also, multilateral and development institutions should promote innovative financing modalities such as co-financing, bank-to-bank loans and guarantees. Many landlocked and transit developing countries have undertaken measures to strengthen their regulatory and institutional frameworks and concluded bilateral and regional cooperative agreements. Donor countries and financial and development institutions have played an important role in supporting the normative laws and systems reform processes but greater financial and technical assistance is required for their effective implementation.

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CONTENTS

Pages

Introduction 3

SPECIFIC ACTIONS RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LANDLOCKED DEVELOPING COUNTRIES 5

A. Review of progress in the development of transit systems in landlocked and transit developing countries 5

B. Technical cooperation activities 7

i. Assistance in drafting or negotiating bilateral or regional transit transport agreements or arrangements 7

ii. Consultative meeting between landlocked developing countries and their transit neighbours 8

iii. Information technologies designed to enhance the effectiveness of transit systems ... 8

iv. Multimodal transit and trade facilitation project in Nepal 10

Introduction

1. In paragraph 1 of its resolution 54/199, the General Assembly welcomed the note by the Secretary-General of the United Nations and the progress report of the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) on specific actions related to the particular needs and problems of landlocked developing countries.[1] In paragraph 16 the General Assembly requested the Secretary-General of the United Nations, in consultation with the Secretary-General of UNCTAD, to prepare a report on the implementation of the resolution and submit it to the Trade and Development Board at its forty-eighth session and to the General Assembly at its fifty-sixth session. This report has been prepared in response to that request.

2. In paragraph 2 of the same resolution, the General Assembly welcomed the agreed conclusions and recommendations adopted at the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in New York from 24 to 26 August 1999.[2] In paragraphs 11 and 12 of the resolution, the General Assembly requested the Secretary-General of the United Nations to convene in 2001 another meeting of governmental experts from landlocked and transit developing countries and representatives of donor countries and financial and development institutions, to review progress in the development of transit systems in landlocked and transit developing countries, and to consider a proposal made at the fourth meeting in 1999 regarding the convening in 2003 of a ministerial meeting on transit transport issues so as to give appropriate emphasis on the problems of landlocked and transit developing countries. The fifth meeting was held under the auspices of UNCTAD from 30 July to 3 August 2001 at United Nations Headquarters in New York. The report of the meeting, including its conclusions and recommendations, is before the Board for its consideration (TD/B/48/14 - TD/B/LDC/AC.1/18).

3. In paragraph 14 of the resolution, the General Assembly noted with appreciation the contribution of UNCTAD in the formulation of international measures to deal with the special problems of landlocked developing countries, and urged UNCTAD, among other things, to keep under constant review the evolution of transit transport infrastructure facilities, institutions and services, to monitor the implementation of agreed measures, to collaborate in all relevant initiatives, including those of the private sector and non-governmental organizations, and to serve as a focal point on cross-regional issues of interest to landlocked developing countries.

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[1] A/54/529, annex

[2] TD/B/44/7-TD/B/LDC/AC.1

Paragraph 15, of the resolution the General Assembly invited the Secretary-General of UNCTAD, to take appropriate measures for the effective implementation of the activities called for in the resolution. The recent activities of UNCTAD on behalf of landlocked developing countries in this regard are highlighted in section A and B of this report.

4. In paragraph 5 of the Resolution, the General Assembly invited landlocked developing countries and their transit neighbours to implement their cooperative measures to strengthen further arrangements. Paragraph 10 of the Resolution invited donor countries, the United Nations Development Programme (UNDP) and multilateral financial institutions to provide these countries with appropriate financial and technical assistance.

5. In paragraph 13, the Secretary-General of UNCTAD was requested to seek voluntary contributions to ensure the participation of representatives of landlocked and transit developing countries in the fifth meeting of Governmental Experts from landlocked and transit developing countries and representatives of donor countries and financial and development institutions. He appealed to donor countries and relevant financial institutions to provide financial assistance for the above purpose. In response to his request, the Government of Japan made a generous financial contribution which made it possible for experts from the capitals of landlocked developing countries and resource persons to participate in the meeting.

SPECIFIC ACTIONS RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LANDLOCKED DEVELOPING COUNTRIES

A. Review of progress in the development of transit systems in landlocked and transit developing countries

6. In order to facilitate a review of progress in the development of transit systems of landlocked and transit developing countries, UNCTAD undertook analytical studies to highlight recent developments in the transit sector and made proposals for the way forward. Studies were submitted to the following intergovernmental meetings:

- The Fifty-fifth Session of the General Assembly, September, 2000;[3]
- The Third United Nations Conference on the Least Developed Countries, May, 2001;[4]
- The Fifth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, July, 2001;[5]
- The Forty-eight Session of the Trade and Development Board, October, 2001;[6]
- The Fifty-sixth Session of the General Assembly, September, 2001.[7]

7. The studies underline the importance of transport for the development process in general and for the promotion of national, regional and international trade in particular. The analytical studies confirmed that weak infrastructures and inefficient transit operations result in high transport costs and are major impediments to trade expansion and sustainable development in many landlocked and transit developing countries. The studies point out that development of a coherent, rural, national and international transport network is essential for stimulating economic activity, opening up productive areas in individual countries and linking them to national, regional and international markets.

8. Data used in the studies show that while the post-Uruguay Round most-favoured-nation (MFN) tariffs for the major developed markets (United States, Canada, European Union and Japan) is approximately 3.7 per cent, the average cost of transport for landlocked developing countries' exports is three times greater, (approximately 14.1 per cent) and double the cost of transport for developing countries as a group (about 8.6 per cent). Landlocked developing countries are also negatively affected by the high cost of their imports. A rough measure of transit cost disadvantages faced by landlocked developing countries is provided by balance-of-payments statistics which show freight costs as a proportion of cost, insurance and freight (c.i.f) import values. In 1995, freight costs were approximately 4.4 per cent of the c.i.f import values of developing countries. But for landlocked developing countries in West Africa they

[3] Transit environment in the Landlocked States in Central Asia and their transit developing neighbours (A/55/320)

[4] Concept Paper on Transport

[5] Transit Systems of Landlocked and Transit Developing Countries: Recent developments and proposals for future action (TD/B/LDC/AC.1/17); Review of progress in the development of transit transport systems in South-East Asia (UNCTAD/LDC/110); Infrastructure development in landlocked and transit developing countries: Foreign aid, private investment and transport cost burden of landlocked developing countries (UNCTAD/LDC/112); Review of recent progress in the development of transit transport systems in Latin America (UNCTAD/LDC/114); Review of Progress in the development of transit systems in Eastern and Southern Africa (UNCTAD/LDC/115)

[6] Specific actions related to the particular needs and problems of landlocked developing countries (TB/B/48/13)

[7] Specific actions related to the particular needs and problems of landlocked countries (A/56/...)

were approximately 24.6 per cent; in East Africa, approximately 16.7 per cent; and in Latin America, approximately 14.6 per cent. The freight costs of the sample of landlocked countries exceeded the freight costs of all countries on their respective continents by between 6 and 11 percentage points [8]

9. Furthermore, with increased competition in major markets forcing business to adapt to just-in-time production and management systems, flexibility, speed and reliability regarding the delivery of goods, also assumed significant strategic importance: flexibility, because transport logistics must be capable of adapting to variations in consumer demand and to unforeseen circumstances; speed, because the speed with which transport operations are carried out reduces the duration for tying up products – and therefore capital; and reliability, because it reduces the risks of breakdown in the supply or distribution of goods, and therefore reduces the need for safety buffer stocks.

10. Lack of territorial access to the sea, aggravated by remoteness and isolation from world markets and high transit costs and risks continue to impose serious constraints on the overall socio-economic development of landlocked developing countries. They have not been able to take full benefit of the new trade and investment opportunities offered by the process of liberalization. They need greater assistance to enable them to integrate effectively and beneficially into the global economy.

11. An effective strategy to improve transit systems requires, first and foremost, action at the subregional level because cooperation between landlocked countries and their transit neighbours is pivotal for the effective solutions of many transit problems. This cooperation to be sustainable must be promoted on the basis of the mutual interest of both landlocked and transit countries. Action to improve transit systems should not simply focus on cargo movement, but should have as its objective the development of efficient, flexible and well-managed transit systems geared to meeting the needs of exporters and importers from landlocked and transit developing countries.

12. Effective regulatory framework and establishment of a conducive environment is a prerequisite for infrastructure development. During the 1990s overall official development assistance (ODA) flows to infrastructure projects in developing countries fell by half, largely in response to the dramatic increase in private flows. In a few large developing countries, and particularly for the telecommunication and energy sectors, private capital flows more than compensated for loss in ODA, but for the majority of landlocked and transit developing countries the decline in ODA was not offset by private capital flows. For these countries, a substantial deficit persists, particularly when projected population growth and accelerating urbanization are taken into account. Moreover, a substantial increase in investment is required in these countries just to maintain the status quo. Development of infrastructure, including the upgrading of existing assets, requires a degree of financing exceeding the means of many landlocked and transit developing countries. The World Bank has estimated that Africa alone needs $18 billion to be invested in infrastructure on an annual basis. There is therefore a need to reverse the decline in external financing, especially ODA.

13. The studies also emphasize the need to address non-physical barriers which compromise the competitiveness of landlocked and transit countries, the reduction of high freight tariffs and the action to create and strengthen trade and professional transport associations at the

[8] Transit Systems of landlocked and transit developing countries. Recent developments and proposals for future action. Report by the UNCTAD secretariat. TD/B/LDC/AC.1/17 (2001).

national and regional levels. For this purpose, the capacities of Governments and regional institutions to undertake reforms, including further simplification, harmonization and standardization of transit procedures and documentation should be strengthened.

14. Many landlocked and transit developing countries have also accepted that the changing structure of transit trade results in demands for more efficient institutional arrangements at the national and regional level. An important manifestation of these changes has been the increased participation of the private sector. Although public-private sector partnership is on the rise, the process is still in its formative stage and requires support from the international community before it can become widespread.

15. Moreover, the changing nature of transit trade requires the enhancement of knowledge and skills of those involved in policy-making, regulatory functions as well as those responsible for day-to-day operations, through training, including continuing education for existing professionals. Regional transit transport cooperation involving adoption of common rules and technical standards require, Governments and the private sector to introduce new measures and actions designed to implement the various commitments.

16. In conclusion, the experts stressed that while landlocked and transit developing countries bear the primary responsibility for implementing the measures recommended, the international community should support national, bilateral and sub-regional infrastructure and transit transport projects, including one-stop border posts. To that end, the international community should improve current financing modalities and introduce new facilities, such as co-financing, bank-to-bank loans and guarantees.

B. Technical cooperation activities

1. Assistance in drafting or negotiating bilateral or regional transit transport agreements or arrangements

17. UNCTAD provided substantive and organizational support to the first and second negotiating meetings on the draft Transit Traffic Framework Agreement (TTFA) between the People's Republic of China, Mongolia and the Russian Federation, held in May 2000 and January 2001, respectively. A third meeting is scheduled for October 2001.

18. The TTFA would lay the basis of a solid sub-regional regulatory framework that would make transit operations in North-East Asia more efficient and cost effective, thus promoting the external trade of the sub-region and bolstering its economic growth. The TTFA is defined as a framework agreement because it foresees the negotiation of annexes, which would form an integral part of TTFA. As indicated in the relevant Articles, such as articles 7 and 8, the annexes would be negotiated and agreed at a later stage, and will address technical issues such as customs procedures, vehicle dimensions and maximum vehicle weights.

19. Concerned Governments, have on various occasions expressed their appreciation for UNCTAD's support. In a letter addressed to the Secretary-General of UNCTAD by the UNDP Administrator (May 2001), the Administrator singled out the above negotiations as "one of the most successful projects" financed by UNDP.

ii. Consultative meeting between landlocked developing countries and their transit neighbours

20. At the request of the Lao PDR, UNCTAD organized a Consultative Meeting Group in Vientiane in December 2000 between Lao PDR and its transit neighbours as well as representatives of donor countries and financial and development institutions. The meeting deliberations were facilitated by a background document prepared by UNCTAD entitled "Review of progress in the development of transit transport systems in South-East Asia" (UNCTAD/LDC/110). The meeting adopted a Plan of Action for improving Lao PDR's transit systems (contained in document UNCTAD/LDC/Misc.53). Meeting participants expressed appreciation to UNDP and UNCTAD for sponsoring such a consultative group.

iii. Information technologies designed to enhance the effectiveness of transit systems

a) Customs transit

21. Lack of effective control over transport equipment and cargo in transit undermines transit transport arrangements. Against this background an expert meeting was convened under the auspices of the Commission of Enterprise, Business Facilitation and Development in 1997. The meeting requested UNCTAD to develop a computerized system for transit procedures. As a result of this expert meeting, a new module of the ASYCUDA++ software was developed, in 1999, to manage customs transit procedures. A pilot version of this module, called Transit Module (MODTRS), was released for live testing in selected user countries in April 1999 and the fully operational module was included in the version 1.15 of the software and delivered to all the user countries. This module handles three transit documents, namely the Transit Form (T1), the TIR carnet and the First Identification Procedure (FIP). It is usable for all the forms of transit as defined in the Kyoto Convention covering the movements from the:

- Border office of entry to an inland office (import transit);
- Border office of entry to a border office of exit (through transit);
- Inland office to a border office of exit (export transit);
- Inland office to another inland office (internal transit).

22. The three documents are different and present specific features, but all apply the following principle: the system allows for data capture by the traders using the DTI module and/or by the customs officers. Upon validation of the document, a message is automatically transmitted to the office of destination using the appropriate ASYCUDA software, A++ GATE (ASYCUDA Global Access to Trade Efficiency), through the national telecommunications network. This message informs the office of destination that cargo should arrive in a given time delay. When the cargo arrives at destination, the transit message is retrieved, the transaction is closed and the release message automatically broadcast to the office of departure. This functionality gives customs complete and timely information on all operations.

23. The module works satisfactorily on a nationwide scale and has recently been enhanced by the development of new functions such as re-routing (changing the office of destination). As customs receive, in advance, complete and timely information on all operations there is no need for re-keying at the office of destination – processing delays are tremendously reduced at the border thus facilitating trade. The system is technically designed for permitting future

extension to cover the international transit operations (data exchange of message between countries).

b) Advance Cargo Information Systems (ACIS)

24. ACIS is a logistics information system designed to improve transport efficiency by tracking equipment on all transport modes (rail, road, and lake/river) and at the interfaces ports and inland clearance depot and providing information in advance of cargo arrival. ACIS provides transport operators with reliable and real-time data on transport operations, such as the whereabouts of goods and transport equipment, and thus improves day-to-day management and decision-making. Benefits to the railways which are currently using ACIS Rail Tracker include:

- Comprehensive data are now available on-line for traffic and other managers. The data include such information as the position of wagons on the network; and the number of broken-down wagons, wagons that have been loaded for more than three days and wagons that are in workshops;

- Weekly/monthly reports for managers at various levels within railway administrations can now be generated easily. The reports include such information as weekly loading data, customer/commodity performance, average locomotive kilometer/fuel issued and train transit time;

- Customer information has drastically improved from paper-based information systems, which took 4-5 days to provide a customer with information about the whereabouts of the customer's wagon, to real-time information.

c) Road traffic information systems in the United Republic of Tanzania and Zambia

25. UNCTAD is providing assistance to the United Republic of Tanzania and Zambia for implementing a Southern African Development Community (SADC) commitment on development of Road Traffic Information Systems. The requirement states that:

- Member States shall develop compatible national road traffic information systems in support of the administration and enforcement of their national and the regional road traffic and road traffic quality systems;

- The road traffic information systems shall contain information in respect of, amongst others: vehicle registration and licensing; driver and professional driver testing facilities; traffic offences and prosecutions; and traffic incidents.

26. Furthermore, the systems adopted in each country should be able to communicate with each other to assist in law enforcement. Several countries including Botswana, Lesotho, Malawi, Namibia, South Africa and Zimbabwe, have already introduced or are introducing computerized systems for vehicle registration and driver licensing. In general, the advantages of using computerized systems coupled with documents, which have built-in security features, include:

- Accurate and up-to-date registers;

- Considerable reduction in fraud;
- Better collection of revenues.

iv. Multimodal transit and trade facilitator project in Nepal

27. UNCTAD is executing a technical assistance project for the Government of Nepal aimed at the promotion of the trade and transport sectors (Project NEP/97/A53). This project, financed by the Government through a World Bank loan, is providing substantive support to secure the most efficient use of the construction of three inland clearance depots along the Indian border. The main activities covered by the project include the implementation of ASYCUDA and ACIS, and the establishment of a proper legal and commercial environment for efficient transport operations. In this context, advice was provided to the on-going negotiation process between Nepal and India for the revision of a transit treaty.

28. At the time of the renewal of the Transit Treaty between the Government of Nepal and the Government of India (December 1998), the project was asked to prepare comments. Proposals were made to:

- Integrate the 1996 agreement on containerized traffic;
- Take account of changes that have taken place in the nature of transit trade;
- Reflect changes which may permit some relaxation of customs control of transit goods;
- Incorporate international recommendations concerning transit traffic;
- Having regard to (ii) – (iv) above, simplify the requirements and procedures for customs transit control.

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The development goals of the Programme of Action for the Least Developed Countries for the Decade 2001-2010: Towards a set of indicators to monitor progress

Report by the UNCTAD secretariat

Executive summary

Monitoring the results of the implementation of the Programme of Action for the least developed countries for the Decade 2001-10 requires clearly defined indicators. A preliminary attempt to assess where the least developed countries and their development partners stand now in relation to the quantifiable development goals within the Programme of Action highlights various problems. The data which are internationally available to monitor the progress towards UNLDC III development goals are woefully inadequate in terms of the coverage of least developed countries, their quality and their timeliness. The data problem is particularly acute in relation to the overarching goal of making substantial progress toward halving the proportion of people living in extreme poverty by 2015. Where data are available, it is apparent that the majority of the least developed countries are currently off-track in terms of the UNLDC III development goals.

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Introduction

1. One important feature of the Programme of Action for the Least Developed Countrie for the Decade 2001–2010, which was agreed at the Third United Nations Conference o the Least Developed Countries (UNLDC III), held in Brussels, Belgium, from 14 to 2 May 2001, is the inclusion of a number of quantifiable development goals.

2. These goals, which will be called here the "UNLDC III development goals", include

1. A growth rate of at least 7 per cent per annum and an increase in the ratio o investment to GDP to 25 per cent;
2. Substantial progress towards halving the proportion of people living in extrem poverty by 2015;
3. The achievement of a range of human development targets in relation to population education and training, and health, nutrition and sanitation;
4. The achievement of a range of infrastructure development targets in relation t transport and communications;
5. Official development assistance (ODA) flows to LDCs equivalent to 0.15 per cen or 0.2 per cent of donor countries' gross national product (GNP) for most dono countries;
6. Progress towards graduation from the category of LDC, for which there are defino and quantified thresholds.

3. The inclusion of these quantifiable goals within the Programme of Action implies tha it is now easier to monitor the success of the Programme. Indeed, as the Programme o Action itself stresses, "the process of identifying, assessing and monitoring progress o process and concrete outcomes will be a key aspect of the implementation of th Programme of Action" (para. 21e).

4. A primary purpose of this paper is to attempt to describe where the least develope countries and their development partners stand now in relation to the UNLDC II development goals. The description will be made, firstly, in relation to current levels o achievement according to the most recently available international data. These level indicate shortfalls in relation to the desired goals. It will, secondly, be made in relation t trends during the 1990s. These trends show the extent to which countries have been o track towards the achievement of the UNLDC III development goals, and establish th "business-as-usual" trajectory of change, which will generally have to be modified if th desired goals are to be achieved.

5. In seeking to describe the current situation in relation to the UNLDC III developmen goals, various technical and data problems arise. Data are not readily available for some o the targets. For others, it is necessary to specify the precise indicators which woul desirably be used to monitor progress. Furthermore, for some of the quantifiable target there is some degree of ambiguity in their specification, including their time horizon. Th secondary purpose of this paper is therefore to identify these problems and, where possibl to suggest ways to deal with them.

6. Given the technical and data problems, the present paper should be regarded as preliminary description of the baseline from which, over time, the outcomes of the ne

Programme of Action can be assessed. The third purpose of this paper is therefore, to elicit comments and inputs through which the description can be improved.

7. Finally, it must be stressed that the Programme of Action encompasses more objectives than the quantifiable development goals discussed here. For example, an important aim is to reverse the socio-economic marginalization of LDCs in the global economy. However, these wider objectives have not yet been specified in a way which enables precise and time-bound monitoring. It may be worthwhile to specify them, particularly in the area of trade development, in the future.

I. Growth and investment goals

8. The Programme of Action for the LDCs for the Decade of 2001–2010 states that "LDCs, with the support of their development partners, will strive to attain a GDP growth rate of at least 7 per cent per annum and increase the ratio of investment to GDP to 25 per cent per annum" (para. 6).

9. Current levels of achievement fall short of this goal. International data on growth rates for the 1980s are available for 43 LDCs. During 1997–99, only five LDCs – Equatorial Guinea, Mozambique, Rwanda, Bhutan and Cape Verde – achieved the target growth rate. For the period 1980–99, only Equatorial Guinea and Uganda exceeded the target (chart 1). Over the same period, the growth rate was less than half the target rate in 23 out of 43 LDCs, and was declining in 7 out of 43.

10. International data on investment rates are available for the period 1990–99 in 37 LDCs. Amongst these countries, nine achieved the 25 per cent target during 1997–99, namely Sao Tome and Principe, Equatorial Guinea, Lesotho, Bhutan, Cape Verde, Burkina Faso, Eritrea, the Lao People's Democratic Republic and Mozambique. For the 1990s as whole, average annual investment rates exceeded the target in all these countries except Burkina Faso and Mozambique, plus Guinea Bissau. For 12 out of 37 LDCs the investment rate was on average under 15 per cent of GDP during the period 1990–99 (chart 2).

II. Poverty reduction goals

11. The Programme of Action states that "The overarching goal of the Programme of Action is to make substantial progress toward halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote sustainable development of the LDCs" (para. 6). However, identifying where the LDCs stand now in relation to the poverty reduction goal raises difficult issues.

A. Conceptualising extreme poverty

12. A basic question is how "extreme poverty" should be defined. Should it be in terms of income poverty or some multidimensional measure of poverty such as the human poverty index of the United Nations Development Programme (UNDP)? Should it be based on internationally comparable standards or national norms? At what point should poverty be regarded as "extreme"? What is the time frame for the halving of the poverty rate?

13. ***One pragmatic principle that can be applied in answering these questions is to build on the work which has been done to measure progress towards the achievement of International Development Goals and also the objectives of the Millennium Declaration.***[1] This makes sense, since the Programme of Action is based, *inter alia*, "on the international development targets...and on the values, principles and objectives of the Millennium Declaration" (para. 5), and its success will be judged, *inter alia*, by "its contribution to progress towards achieving international development targets" (para. 21e). From the perspective of the International Development Goals, "extreme poverty" should be measured as the percentage of the population living on less than $1.08 a day at 1993 international prices (equivalent to $1 per day in 1985 international prices) adjusted for purchasing power parity (PPP). Moreover, the appropriate timeframe for measuring whether substantial progress towards the halving of the incidence of poverty is from 1990 to 2015, rather than from 2000 to 2015.[2]

14. This approach will be adopted in general terms here with two caveats. Firstly, the $1 per day poverty line was originally based on a survey of national poverty lines which found that they were lower in poorer countries than richer countries. The poverty line was set at $1 as it represented the typical line among low-income countries. But it is unclear why in aspiring to reduce extreme poverty we should focus on these standards and not the higher standards of what constitutes extreme poverty in lower-middle-income or even richer countries. The $2 per day poverty line is regarded as reflecting poverty lines more commonly used in lower-middle-income countries, and living below that line could justifiably be regarded as "extreme poverty" by global standards. Thus, whilst it is right to focus on the $1 per day poverty line for monitoring trends in extreme poverty, it is important to remain cognizant of what is happening to the incidence of income poverty defined as being below a $2 per day.

15. The second caveat is that it is important that the adoption of an international poverty line should not reduce the relevance of national poverty lines, or impinge on the discretion of national authorities to define poverty in their own way.[3]

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[1] This includes information at "www.developmentgoals.org" and the outcome of the meeting of the representatives of the Secretary-General's Office, UNDESA, UNDP, UNFPA, UNICEF, UNSD, DGCO, IMF, OECD and the World Bank held in New York on 21 June 2001 to map the Millennium Development Goals and the International Development Goals.

[2] The International Development Goals are those originally identified in OECD/DAC (1996), *Shaping the 21st Century: The Contribution of Development Cooperation*, OECD, Paris, and receiving wider endorsement through IMF-OECD-UN-World Bank Group (2000), *A Better World for All – Progress towards the International Development Goals*.

[3] It is pertinent in this regard that in the current guidelines for Poverty Reduction Strategy Papers (PRSPs) it is recognized that appropriate indicators and specific targets will vary between countries, even though the inclusion of indicators related to the International Development Goals is desirable. Moreover, the World Bank cautions that the $1 and $2 a day poverty estimates are "useful only as indicators of global progress, not to

B. Problems in measuring extreme poverty

16. Even if one focuses on the $1 per day poverty line, significant problems remain in measuring the current incidence of poverty in the least developed countries. Firstly, there are only 17 LDCs for which internationally comparable data on poverty are available for at least one year in the 1990s, and only 8 LDCs for which it is possible to construct percentage changes from the 1980s to the 1990s.

17. Secondly, it is necessary to have good estimates of variations in price levels between countries in order to compare poverty internationally. PPP estimates, based on price data generated by the Summers and Heston International Comparison Program, are conventionally used for this purpose, but there are very few LDCs among the 110 countries covered in the project. Weaknesses in these PPP estimates can lead to major distortions in global poverty estimates.[4]

18. It is worth noting in this regard that according to PPP estimates the cost of living is much higher in African LDCs than those in Asia. Thus the weighted average of gross domestic product (GDP) per capita (estimated at current official exchange rates) is estimated to be $0.65 per day for the total population in African LDCs and $0.88 per day in Asian LDCs in the late 1990s, whilst in PPP terms (in 1985 international prices) it is estimated to be $1.51 per day in African LDCs and $4.59 per day in Asian LDCs. In effect, if the costs of living estimated in international PPP terms in Asian LDCs was actually closer to those in African LDCs, poverty rates would be two thirds higher.

19. Finally, estimates of average consumption per capita in household surveys deviate from those which can be calculated through national accounts.

C. National-accounts-based versus household-survey-based estimates of income poverty

20. The focus of discussion here will be on the discrepancy between national-accounts-based and survey-based estimates of income poverty.[5] Household income and expenditure surveys are designed to measure the distribution of income and consumption across a sample of households. Average consumption per household is calculated on the basis of self-reported expenditures (cash and imputed values from own stock). Gross incomes available to households are calculated on the basis of information reported on wages and salaries of employees and income from self-employment, property income and current transfers. The incidence of poverty within the population can then be calculated by estimating the mean income or consumption of the households in the sample, estimating statistically the distribution of consumption across households, and setting a monetary poverty line to calculate the proportion of the households below the poverty line.

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assess progress at country level or to guide country policy and program formulation" (World Bank, *World Development Report 2000/01 Attacking Poverty*, p.17).

[4] See A. Deaton, "Counting the world's poor: problems and possible solutions", 2000 (mimeo).

[5] The term "income poverty" will be used here, in line with current conventions, to refer to estimates of poverty based on monetary income or consumption. However, in practice the comparisons in this paper of poverty estimates based on national accounts and on household surveys only use survey estimates of consumption expenditure. The national accounts estimates, by definition, refer to private consumption poverty.

21. Estimates of average private consumption per capita can also be derived from national accounts data, and it has long been known that estimates of mean consumption per capita from national accounts data diverge from those derived in household surveys.[6] However, the serious implications of this divergence for poverty analysis and monitoring have only recently been brought into the open, propelled by the lively debate on the effects of economic reforms in India.[7] In that country, average private consumption per capita has been growing much faster according to national accounts data than according to household survey data. As a necessary corollary, the incidence of poverty has been falling much faster according to the national accounts data than according to the household survey data.

22. This issue is not just relevant to India but is of global importance. The existence of the discrepancy implies that much econometric work on the relationship between growth and poverty is potentially misleading as it combines national accounts growth estimates with household survey-based poverty estimates. Also, efforts to channel global and national resources towards poverty reduction could be misdirected.

23. It has thus been recognized that research to explore the dimensions of the discrepancy and how it may be resolved is a high priority.[8] Following this call for research, ongoing work conducted within the framework of the preparation of *The Least Developed Countries Report 2001*, has reached three major conclusions.[9]

24. Firstly, the conclusion that there are no systematic biases between estimates of average consumption derived from household surveys and national accounts is statistically unsound. For those least developed countries for which there are data, there are significant differences between survey-based and national-accounts-based income poverty estimates (see chart 3). These differences arise because in countries such as the United Republic of Tanzania (1991), Ethiopia (1981,1995) and Mali (1989), average consumption figures according to the household surveys are between two and nearly three times higher than the national accounts estimates. On the other hand, in Bangladesh the survey estimates are much lower than the national accounts consumption data. Similar inconsistencies are apparent in trends over time. According to the household survey data, average consumption increased by over 17 per cent in Ethiopia between 1981 and 1995. But according to national accounts data, average consumption fell by over 13 per cent between those two years. In Bangladesh in contrast, household surveys suggest that average consumption fell by over 13 per cent between 1984 and 1991, whilst the national accounts data indicate a growth in average consumption of over 13 per cent in the same period.

25. Secondly, there is a systematic inter-country pattern to the divergence between survey-based and national-accounts-based poverty estimates. The problem of the discrepancy between these two sets of estimates is not simply a question of the underestimation of

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[6] See G.J. Pyatt, "The distribution of living standards within countries: Some reflections on an evolving international data-base", 2000 (mimeo).

[7] See S.S. Bhalla, "Growth and poverty in India: myth and reality", 2000 (mimeo) (http://www.oxusresearch.com/economic.asp); M. Ravallion, "Do national accounts provide unbiased estimates of survey-based measures of living standards?", 2000 (mimeo); M. Ravallion, "Should poverty measures be anchored in national accounts?", *Economic and Political Weekly*, 26 August – 2 September, 2000, pp. 3245–3252.

[8] See Pyatt, op. cit.; World Bank, op. cit.; box 1.8; and Deaton, op. cit.

[9] This rest of this section draws on M. Karshenas, "Measuring absolute poverty in the least developed countries", 2001 (mimeo).

average levels and growth rates of consumption in household surveys (the India case). As chart 3 shows, it is related rather to how poor a country is in international PPP terms. ***In short, if one accepts the national-accounts-based estimates as the correct estimates, then the purely household-based measures of the incidence of poverty which are currently used underestimate poverty in the poorest countries. Moreover, the poorer the country is, the greater the underestimation of poverty is.***

26. It is difficult to know exactly why this pattern arises. However, the two major possible sources of bias leading to the overestimation of average consumption (and the underestimation of poverty) in the poorest countries are the under representation of the poorest in the surveys, and over inflation of the value of home-produced consumption.

27. Finally, there is divergence in the estimates of the growth elasticity of poverty reduction, i.e. the rate at which the incidence of poverty can be expected to decline with growth in mean consumption. ***If one accepts the national-accounts-based poverty estimates, economic growth can be expected to have a much stronger effect on poverty in the poorest countries than if one accepts the survey-based estimates.*** This difference arises because, as chart 3 shows, the majority of the household survey-based estimates of the proportion of the population living below the $1 per day international poverty line in countries with per capita private consumption of less than $1,000 (1985 PPP) are within the range 25–55 per cent. Whilst such a pattern could naturally be expected if these were national poverty lines, it is very surprising to find that two countries, one with an average per capita consumption for the total population of $1 per day (1985 PPP international prices) and the other with an average per capita consumption for the total population of $3 per day, have about 40 per cent of their population living below an international poverty line of $1 per day.

28. These findings are of immense significance for discussions of poverty and policy in the LDC context. The potential for using national-accounts-based estimates of poverty in LDCs, and their implications for policy analysis of long-term dynamics of poverty in the LDCs, are being explored in the context of ongoing work for *The Least Developed Countries Report 2001*. These estimates could also provide a resource which can assist in monitoring progress towards UNLDC III development goals.

III. Human development goals[10]

29. The Programme of Action includes 13 human development goals which are sufficiently specified to be measured and monitored in quantitative terms. It is desirable that the indicators and timeframes which are used to monitor these UNLDC III development goals follow, as far as possible, the methodologies used to monitor international development goals, as well as the goal set by the 1996 World Food Summit in the area of malnutrition, and the goal set by the Dakar Declaration in the area of literacy. For those UNLDC III development goals which are not in these categories, the baseline year for defining the target improvement is specified as being the current level (which in practice has to be the most recent year), except for the disease prevalence indicators, which are measured,

[10] The tables in this section are based on work in UNDP's Human Development Report Office by David Stewart.

according to the practices of the World Health Organization (WHO), with a baseline year of 1990.

30. Following these principles, box 1 sets out 20 indicators which can be used to monitor these 13 goals, and tables 1, 2 and 3 show the results of a stock-taking exercise which seeks to show current levels of achievement in the LDCs, and progress in the 1990s, in relation to these 13 goals, calibrating the targets for the timeframe, and using the 20 indicators listed above. Countries are classified, according to their progress in the 1990s, into five categories: "Achieved" (the country has already achieved the target, or 95 per cent of it); "On-track" (the country has attained 95 per cent or more of the rate of progress needed to achieve the target); "Lagging" (the country has achieved 75–94 per cent of the required rate of progress to achieve the target); "Far behind" (the country has achieved 0–74 per cent of the required rate of progress to achieve the target); and "Slipping back" (the country's level of achievement is at least five percentage points worse in 1999 than in 1990). This approach builds a five percentage points margin of error into the data.

31. Three major observations can be made on these tables.

32. Firstly, data availability is a critical problem in monitoring human development goals in the least developed countries. There is an urgent need for greater coverage, and more high-quality data, and particularly more timely data, on key issues of human development. Data for 2000 are available for only one indicator and data for 1999 are only available for literacy rates, HIV prevalence and infant mortality rates. For 11 of the 20 indicators, progress in the 1990s cannot be monitored in over 25 per cent of the LDCs. Data on malaria and tuberculosis prevalence are based on reported cases, and are thus not ideal. Some question the accuracy of the data on under nutrition.[11]

33. Secondly, it is apparent that levels of human development in most LDCs are extremely low. Over one quarter of the children are undernourished in 33 out of 43 LDCs for which data are available. Nineteen out of 33 African LDCs have maternal mortality rates above 1 per 100 live births. The chance of a child dying under the age of 5 is more than 1 in 10 in 41 out 49 LDCs. On average, under 50 per cent of the adult female population is literate in LDCs. For 22 LDCs for which data on net primary school enrolment are available from UNESCO statistics, less than half the children are in school in 10 of them.

[11] See P. Svedberg, "841 million undernourished?" *World Development*, 1999, vol. 27, no.12, pp. 2081–2098.

Box 1: Indicators for monitoring of UNLDC III human development goals

1. Education:

a. Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to a complete, free and compulsory primary education of good quality (para. 36a)

Key indicators are: (i) net primary enrolment ratio (the ratio of the number of children of official school age, as defined by the national education system, who are enrolled in school to the population of the corresponding official school age); (ii) percentage share of the children enrolled in primary school who eventually reach Grade 5.

b. Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults (para. 36b)

This is assumed to be a 50 per cent improvement from current levels (as measured by the most recent data). Literacy is defined, according to UNESCO norms, as the ability of a person to understand, read, and write a short statement on their everyday life, and key indicators are: (i) total adult literacy; (ii) male adult literacy; and (iii) female adult literacy. The baseline year for the target is 1999.

c. Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality (para. 36c)

Key indicators are: (i) ratio of girls to boys in primary school; (ii) ratio of girls to boys in secondary school; and (iii) ratio of young (15–24) literate females.

2. Population and health

a. Making accessible, through the primary health care system, reproductive health to all individuals of appropriate ages as soon as possible and no later than the year 2015 (para. 34a)

This is measured in the International Development Goals by (i) the contraceptive prevalence rate, the percentage of women (usually married women aged 15–49) who are practising, or whose sexual partners are practising, any form of contraception, and (ii) percentage of females aged 15–24 infected with HIV.

b. Reducing the infant mortality rate below 35 per 1,000 live births by 2015 (para. 38a)

Although this diverges from the International Development Goal, which is to reduce the infant mortality rate by two thirds of the 1990 level by 2015, it can be measured in the same way as the number of infants dying before reaching 1 year of age per 1,000 births in a given year.

c. Reducing the under-5 mortality rate to below 45 per 1,000 live births by 2015 (para. 38b)

This similarly diverges from the International Development Goal, which is to reduce the under-5 mortality rate by two thirds of the 1990 level by 2015. But it can be measured in the same way as the probability that a newborn baby will die before reaching the age of 5, if subject to current age-specific mortality rates. The probability is expressed as a rate per 1,000.

d. Reducing the maternal mortality rate by three quarters of the current rate by 2015 (para. 38c)

The key indicator is the number of women who die during pregnancy and childbirth, per 1,000 live births.

e. Increasing the percentage of women receiving maternal and prenatal care by 60 per cent (para. 38g)

The key indicator is the percentage of deliveries attended by skilled health staff.

f. Reducing HIV infection rates in persons 15-24 years of age by 2005 in all countries and by 25 per cent in the most affected countries (para. 38f)

This is assumed to be a reduction from current levels and is measured as the total infection rate (men and women).

g. ***Substantially reducing infection rates from malaria, tuberculosis and other killer diseases in LDCs by the end of the decade; reducing TB deaths and prevalence of the disease by 50 per cent by2010; and reducing the burden of disease associated with malaria by 50 per cent by 2010 (para. 38i).***

This is assumed to be a reduction from 1990 levels as suggested by WHO, and can be *measured in terms of (i) TB cases notified, and (ii) malaria cases notified.*

3. Nutrition

a. Reducing the number of undernourished people by half by 2015 (para. 38d)

This is assumed to be a reduction from the 1996 level, as specified at the 1996 World Food Summit. The key indicator is the percentage of population undernourished as estimated by the FAO method.

b. Halving malnutrition among pregnant women and among pre-school children in LDCs by 2015 (para. 38h)

There does not appear to be specific data on pregnant women. A key indicator for the second part of this goal is the percentage of children under 5 whose weight for age is less than minus two standard deviations from the median for the international reference population, ages 0–59 months. The time frame for this, which is also used as an indicator for monitoring the International Development Goals, is assumed to be 1990 to 2015.

4. Sanitation

a. Reducing by half by 2015 the proportion of people who are unable to reach or afford safe drinking water (para. 38e)

The timeframe for this goal, which is also an International Development Goal, is assumed to be from 1990 to 2015. The key indicator for this is the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as household connection, public standpipe, borehole, protected well or spring, and rainwater collection. Reasonable access is defined as the availability of at least 20 litres per person per day from a source within one kilometre of the dwelling (see WHO and UNICEF, *Global Water Supply and Sanitation Assessment 2000 Report*).

34. Thirdly, only a minority of LDCs are on track to achieve any of the UNLDC III human development goals, though there are positive signs in terms of female literacy goals. For under nutrition, only 13 of the 34 LDCs with data are on track to achieve the goal of halving malnourishment by 2015. For infant mortality and under-5 mortality, 10 countries representing 27 per cent of the LDC population are on track and 30 countries (65 per cent of the LDC population) are far behind and 3 countries are actually slipping back. In terms of access to safe drinking water, 11 countries, representing one third of the LDC population, are on track, while 13 (a further third) are lagging or far behind. For primary school enrolment, only one third of the countries are on track. Notifications for tuberculosis and malaria are increasing, as well as HIV/AIDS, particularly female infection rates.

IV. Transport and communications goals

35. The Programme of Action includes five quantifiable goals regarding improvement of the physical infrastructure in the area of transport and communications. These are:

"a. Increasing road networks and connections in LDCs to the current level of other developing countries and urban road capacities, including sewerage and other related facilities by 2010;

b. Modernizing and expanding railway connections and facilities, increasing their capacities to the level of those in other developing countries by the end of the decade;

c. Increasing LDCs' communication networks, including telecommunication and postal services, and improving access of the poor to such services in urban and rural areas to reach the current levels in other developing countries;

d. Increasing computer literacy among students in higher institutions and universities by 50 per cent and in junior and high schools by 25 per cent by 2015;

e. Increasing average telephone density to 5 main lines per 100 inhabitants and Internet connections to ten users per 100 inhabitants by the year 2010 (World Telecommunications Development Conference, Valletta, Malta, 1998)" (para. 43).

36. For the last of these goals, data are available for 36 LDCs and estimation is relatively straightforward. The data suggest that the current situation is far from satisfactory. Only 10 have more than 1 telephone mainline per 100 inhabitants. Cape Verde and Maldives have achieved the target, and the only other LDC which is on track is Kiribati. Information is readily available on road and railway connections, ***but it is necessary to develop ways to standardize this information to make any comparisons meaningful***. For example, it would be unreasonable to expect sparsely populated countries to have the same road density as densely populated countries. ***Moreover, for monitoring purposes, it is necessary to clarify whether the precise target for these goals is to aim by 2010 to bring LDCs up to the level of other developing countries in 2001 or to their level in 2010.*** Data on Internet users are not widely available and information on computer literacy is similarly lacking.

V. ODA/GNP goals for donor countries

37. Under commitment 7, "Mobilizing financial resources", it is stated that "Donor countries will implement the following actions that they committed to at the second United Nations Conference on the Least Developed Countries as soon as possible:

a. Donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs: continue to do so and increase their efforts;
b. Other donor countries which have met the 0.15 target: undertake to reach 0.20 per cent expeditiously;
c. All other donor countries which have committed themselves to the 0.15 per cent target: reaffirm their commitment and undertake either to achieve the target within the next five years or to make their best efforts to accelerate their endeavours to reach the target;
d. During the period of the Programme of Action, the other donor countries: exercise individual best efforts to increase their ODA to LDCs with the effect that collectively their assistance to LDCs will significantly increase" (para. 83).

38. One feature of the way in which this target was originally formulated at UNLDC II was that it allows donor countries some flexibility in deciding what they are committed to. However, a problem in tracking whether this goal is being met is that it is unclear which countries have committed to what options.

39. Following the categorization set out in past Least Developed Countries Reports, the following groups can be inferred among OECD/DAC donor countries:

Group 1. Countries which will continue to provide 0.20 per cent of their GNP to LDCs: Denmark, Finland, Norway, Sweden and Netherlands.

Group 2. Countries will undertake to reach 0.20 per cent of their GNP expeditiously: France and Italy.

Group 3. Countries which reaffirm their commitment and undertake to achieve the 0.15 target within the next five years or to make their best efforts to accelerate their endeavours to reach the target: All other OECD/DAC donor countries except the United States and Japan.

Group 4. Countries which make individual best efforts to increase their ODA to LDCs with the effect that collectively their assistance to LDCs will significantly increase: United States and Japan.[12]

40. ***For the future monitoring of this goal it is important that donor countries clarify whether this is an accurate view of the current situation regarding where donor countries stand in relation to this goal and also specify, if possible, the timeframe for the realization of this goal.***

[12] See, in particular, *The Least Developed Countries Report 1990*, p. 30, and *The Least Developed Countries Report 1991*, p. 59.

41. Table 4 shows net ODA flows to LDCs as a percentage of individual donors' GNP for 1988/89, 1998 and 1999. From the table it is apparent that in 1999 only two countries – Denmark and Norway – were meeting the target of 0.2 per cent of GNP. Three other countries – Luxembourg, Netherlands and Sweden – were above the target of 0.15 per cent of GNP, with the latter two falling below 0.2 for the first time in the 1990s. All the other countries were below the 0.15 per cent target.

42. The fulfilment of the ODA/GNP targets within the Programme of Action requires a reversal of the downward trend of aid which occurred in the 1990s. Table 5 describes six simple scenarios of levels of ODA flows in 2005, based on:

a. A continuation of the overall downward trends in the 1990s;
b. The maintenance of the ODA/GNP ratios for individual donor countries in 1999 (the latest available year);
c. The progressive fulfilment of the ODA/GNP targets by 2010 by all OECD/DAC donor countries, with USA and Japan retaining ODA/GNP ratios at 1999 levels;
d. The progressive fulfilment of ODA/GNP targets by 2007 by all OECD/DAC donor countries, with the United States and Japan retaining ODA/GNP ratios at 1999 levels;
e. Same as "c" but with the United States and Japan increasing their ODA/GNP ratios to 0.15 per cent by 2010;
f. Same as "d" but with the United States and Japan increasing their ODA/GNP ratios to 0.15 per cent by 2007.

43. It should be stressed that these scenarios are necessarily founded on a number of assumptions, namely that: (i) the nature of donor countries' commitments conforms to the four groups listed above; (ii) ODA/GNP ratios start increasing in 2002 and that in 2001 (the base year) they are equivalent to the ratios of 1999, the latest available year; (iii) the ODA/GNP ratios of Denmark and Norway, which exceeded the target in 1999, are not reduced; (iv) the GNP growth rates meet the projections of the OECD's *Economic Outlook 2001*; and (v) for two scenarios, the United States and Japan make the decision to increase their ODA to LDCs to 0.15 per cent of their GNP.

44. The scenarios indicate that ODA flows to LDCs will fall to $4.2 billion by 2005 if the trends in the 1990s persist and will rise modestly to $12.8 billion if there is no change in ODA/GNP ratios from the 1999 levels. However, they would be $4.8 billion higher in 2005 than according to a no-change scenario, and $13.3 billion higher than according to the declining-trends scenario if OECD/DAC donor countries progressively move towards the 0.2 per cent and 0.15 per cent targets by 2010. If they move towards these targets faster, by 2007 this will imply additional $8.3 billion ODA flows over the no-change scenario and an additional $17 billion over the declining-trends scenario. Substantial increases in ODA flows over and above both the no-change scenario and the declining-trends scenario could be expected if the United States and Japan also decide to earmark 0.15 per cent of their GNP for LDCs.

Box 2: Criteria and indicators for graduation from the list of the LDCs

Criteria used in determining the list of LDCs during the 1990s	*Revised criteria for determining the list of LDCs since 2000*
1. Per capita GDP: Three-year average, converted at each year's official exchange rate. Threshold for graduation: Above $700 (1991), above $800 (1994), above $900 (1997)	**Per capita GDP**: Three-year average, converted at each year's official exchange rate. Threshold for graduation: Above $1,035
2. Augmented Physical Quality of Life Index (APQLI): calculated as a simple average of four component indices based on the following indicators: *a. Health: life expectancy at birth* *b. Nutrition: per capita daily calorie intake* *c. Education: combined primary and secondary school enrolment ratio* *d. Education: adult literacy rate* Threshold for graduation: greater than 52 (1991, 1994 and 1997)	**2. Augmented Physical Quality of Life Index (APQLI):** calculated as a simple average of four component indices based on the following indicators: *a. Health: child mortality rate (under age 5)* *b. Nutrition: per capita daily calorie intake as a percentage of daily requirement* *c. Education: combined primary and secondary school enrolment ratio* *d. Education: adult literacy rate* Threshold for graduation: greater than 68
3. Economic Diversification Index (EDI): Calculated as a simple average of four component indices based on the following indicators: *a. Share of manufacturing in GDP* *b. Share of industry in the labour force* *c. Annual per capita commercial energy consumption* *d. UNCTAD's merchandise export concentration index* Threshold for graduation: greater than 25 (1991), greater than 29 and above (1994 and 1997)	**3. Economic Vulnerability Index (EVI):** Calculated as a simple average of five component indices based on the following indicators: *a. Share of manufacturing and non-government services in GDP* *b. UNCTAD's merchandise export concentration index* *c. An indicator of instability of agricultural production* *d. An indicator of instability of exports of goods and services* *e. Population size (in logarithm)* Threshold for graduation: less than 31
	4. Supplementary (qualitative) considerations: If any of the three criteria (per capita income, quality of life, vulnerability) is near its graduation threshold, a vulnerability profile of the country is called for to enable CDP members to make a sound judgement on either inclusion in, or graduation out of the list of LDCs.

VI. Progress towards Graduation from LDC Status

45. The Programme of Action for the Least Developed Countries for the Decade 2001–2010 states that its success will be judged, *inter alia*, by its contribution to "their graduation from the list of LDCs" (para. 21e). With this in view, assessment of progress towards graduation may provide a useful further way of assessing the results of the Programme of Action.

46. The Committee for Development Policy (CDP) of the United Nations Economic and Social Council (ECOSOC) is responsible for decisions about inclusion in and graduation from the list of least developed countries, as well as appropriate criteria and thresholds. Statistics, produced every three years, provide the basis for a somewhat complex judgement by the CDP on the extent 'to which particular least developed countries have made sufficient and sustainable progress in overcoming structural weaknesses and handicaps such that they should graduate from the list. Tracking progress towards graduation as an aspect of monitoring the Programme of Action should not prejudice these judgements, which are the proper preserve of the CDP, as well as judgements about criteria and thresholds, which are also its concern.

47. Box 2 shows the criteria and thresholds for possible graduation from the list of LDCs used in the 1990s, as well as the 2000 revised methodology. At the present moment, the criteria for inclusion within and graduation from the list of LDCs are the following: the income level, as measured by GDP per capita; the level of human resource development, as measured by the Augmented Physical Quality of Life Index (APQLI); and the level of economic vulnerability, as measured by the Economic Vulnerability Index (EVI). The current thresholds for graduation from the list of LDCs are the following: per capita GDP greater than $1,035; an APQLI greater than 68; and an EVI less than 31. The CDP applies the decision rule that it is necessary for at least two of the three graduation criteria to be met for the relevant country to be found eligible for graduation, and that it must meet two criteria in two consecutive reviews.[13]

48. Chart 4 shows where the LDCs stood in the late 1990s in terms of their position relative to these graduation thresholds, basing the estimates on the CDP's 2000 review of the list for APQLI and EVI,[14] and on more recently available data for GDP per capita. It is apparent from the chart that only ten countries met either one or two of the thresholds for graduation. For 37 out of the 49 LDCs, their GDP per capita performance was less than two thirds of the threshold for graduation, while for 33 LDCs the APQLI was less than two thirds of the benchmark.

49. It is difficult to analyse progress in the 1990s given the changes in the indices. However, Botswana is the only country that has so far graduated from the LDC category. Countries that currently have the potential for graduation are all small island developing countries. These countries face major structural handicaps as a result of their geographical

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[13] It should be noted that the thresholds for inclusion in the list of LDCs do not correspond to the thresholds for graduation from the list. In the CDP review of the list of LDCs in 2000,'the inclusion thresholds were set at: GDP per capita, $900; Augmented Physical Quality of Life Index, 59; and Economic Vulnerability Index, 36.

[14] United Nations Committee for Development Policy, report on the second session (3–7 April 2000) ECOSOC Official Records, 2000, Supplement No. 13 (E/2000/33).

situation and vulnerability to external shocks. But they have made progress under the income and human resource criteria for graduation, largely through tourist development.

50. If the trends of the 1990s persist, the graduation prospects of most LDCs during the 2001–2010 decade are limited.[15] The reality may, of course, turn out better or worse. Indeed, a prime purpose of the Programme of Action for the LDCs during 2001–10 is to ensure that this dismal scenario does not occur. It is towards creating this better future that the concrete efforts by LDCs and their development partners in implementing the new Programme of Action should be directed.

VII. Conclusions

51. Five major conclusions may be made on the basis of this paper.

52. Firstly, not all the quantifiable development goals included in the Programme of Action for the Least Developed Countries for the Decade 2001–2010 are specified in a way in which they can be monitored. Where the UNLDC III development goals are equivalent to the International Development Goals and the objectives of the Millennium Declaration, it is logical that they should be specified in the same way, and follow the practices being adopted to monitor these goals. Where UNLDC III development goals are specific to the Programme of Action, decisions must be made on what indicators to use and the time frames of the goals. This paper makes various suggestions where this is possible. However, further clarification is necessary for the transport and communications goals, and also for the ODA/GNP goals of donor countries.

53. Secondly, the data which are internationally available for monitoring the progress towards UNLDC III development goals are woefully inadequate in terms of the coverage of least developed countries, their quality and their timeliness. A major effort will have to be made to collect data in a systematic way in order to ensure that these goals of the Programme of Action are consistently monitorable. Constructing a database for this purpose will require coordination with national statistical authorities and specialized UN agencies. This should be coordinated with ongoing work to map Millennium Development Goals and International Development Goals. The data should also serve as a basis for substantive work on LDCs, including the preparation of the annual report on LDCs.

54. Thirdly, the data problem is particularly acute in relation to the overarching goal of making substantial progress towards halving by 2015 the proportion of people living in extreme poverty by 2015. It is likely that current household-based surveys are underestimating poverty in the poorest countries and also underestimating the extent to which economic growth has positive poverty-reducing effects in these countries. Work is underway in the context of *The Least Developed Countries Report 2001* to develop national-accounts-based estimates of income poverty, which can serve to rectify data problems in relation to effective analysis of the relationship between income poverty and development in the least developed countries. These estimates could also provide a basis for monitoring income poverty in LDCs, although this is a separate and distinct issue.

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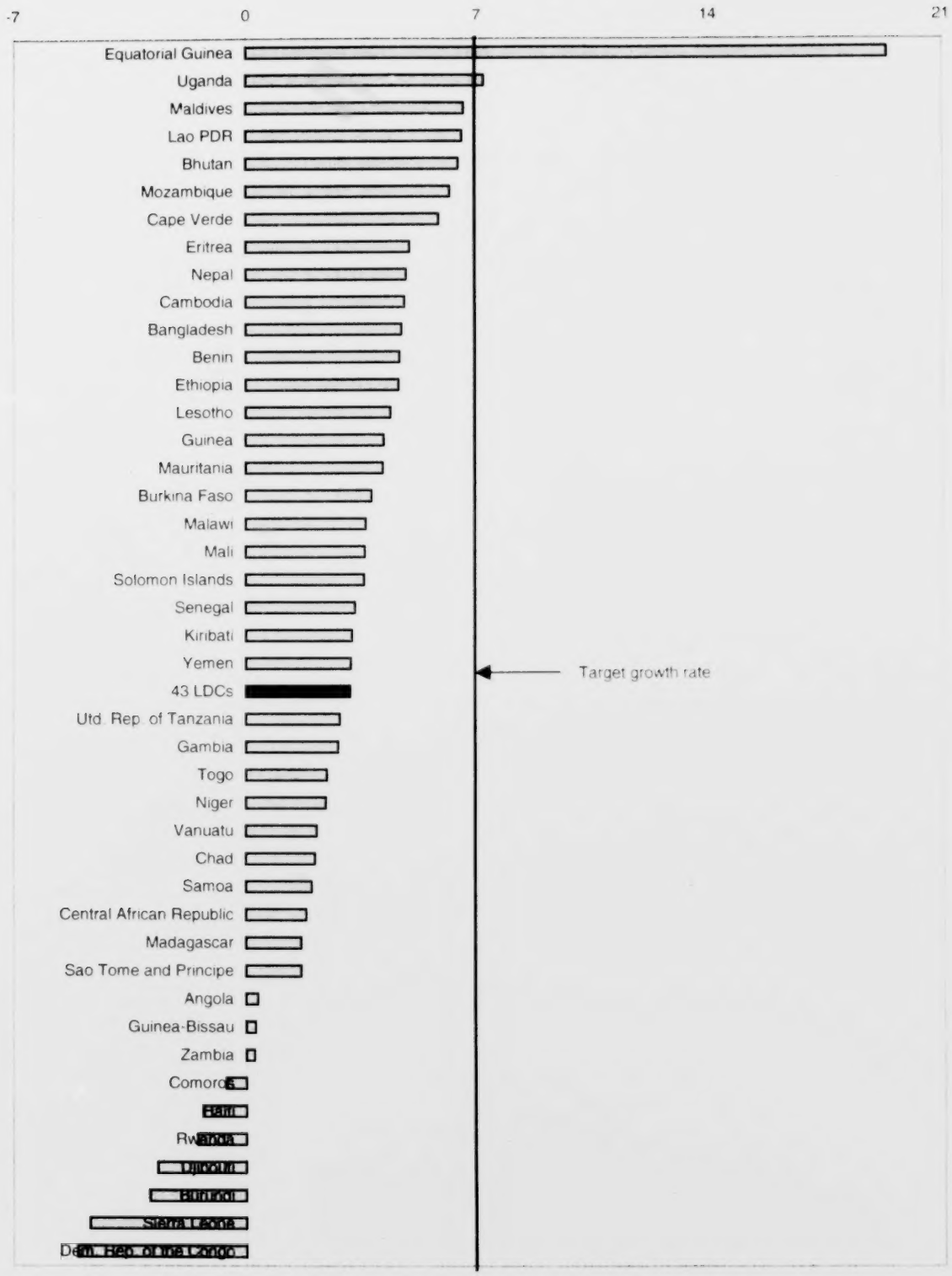
[15] See The Least Developed Countries Report 2000, table 4, for the GDP per capita criterion.

55. Fourthly, where data are available it is apparent that the majority of the least developed countries are currently off track in terms of the UNLDC III development goals. Significant efforts by both the least developed countries themselves and their development partners, going beyond those of the 1990s and, where appropriate, building on experiences of success and diverging from specific policies pursued in that decade, will be necessary in order to ensure that greater progress is made.

56. Lastly, composite indicators which measure progress towards graduation thresholds are indicators which could enrich the monitoring of success in the implementation of the Programme of Action.

Chart 1. Real GDP growth rate in LDCs, 1990-1999

(Per cent per annum)



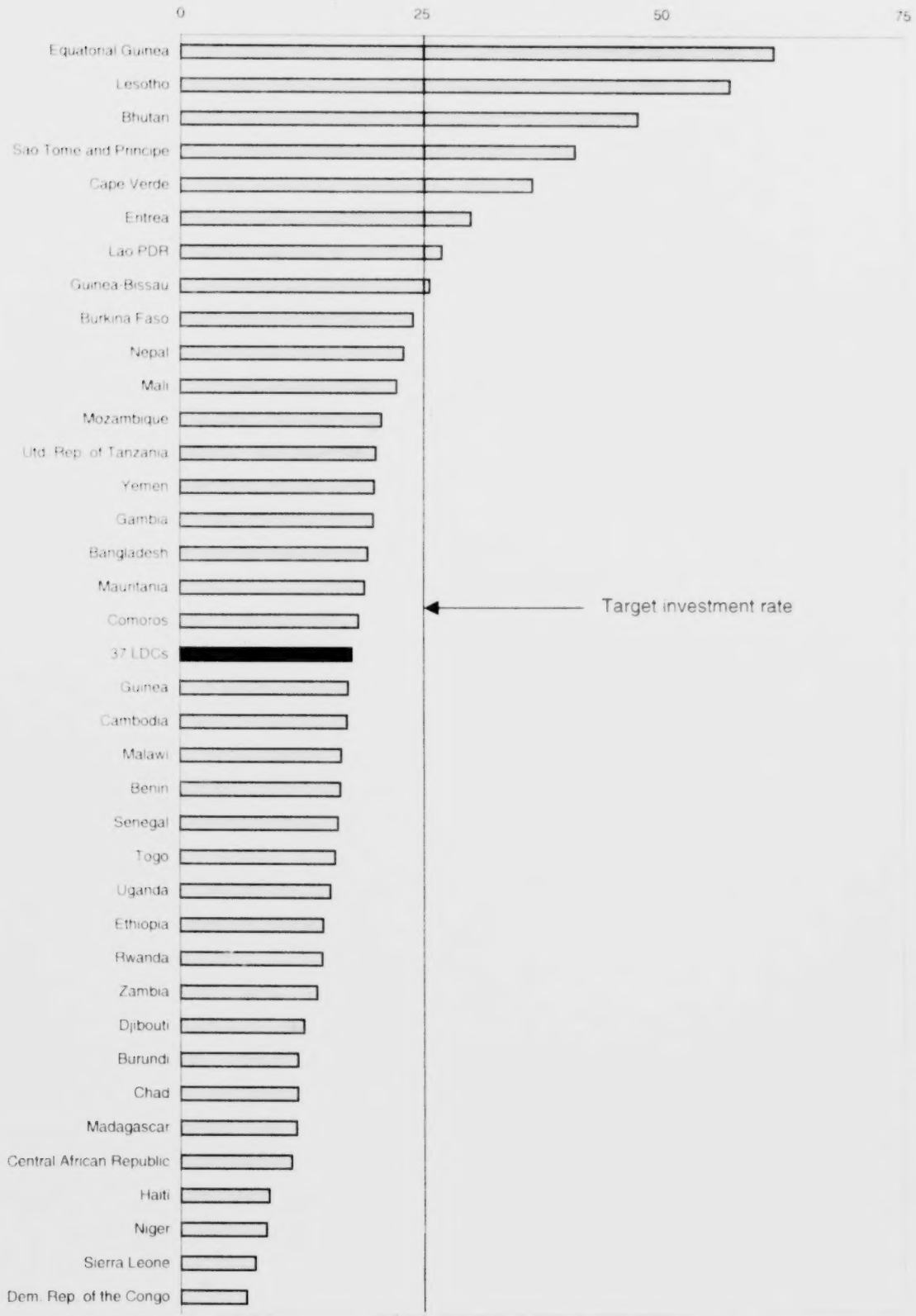
Source: World Bank, WDI 2001, CD-Rom.

Note: 1990-1998 growth rate for the Democratic Republic of the Congo and Maldives; 1991-1998 growth rate for Djibouti; 1992-1999 growth rate for Eritrea.

No data available for Afghanistan, Liberia, Myanmar, Somalia or Tuvalu.

Chart 2. Investment rate in LDCs, 1990-1999

(Annual average ratio of gross capital formation to GDP, percentage)

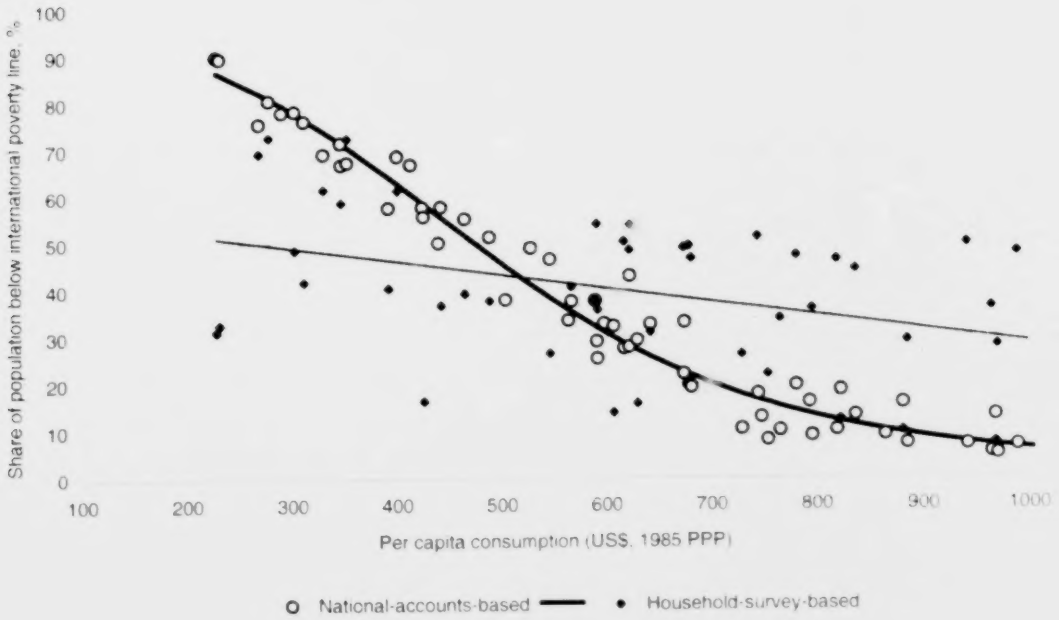


Source: UNCTAD secretariat estimates based on World Bank, WDI 2001, CD-Rom.

Note: 1990-1998 average for Cambodia, Democratic Republic of the Congo and Lesotho; 1991-1997 average for Djibouti; 1992-1999 average for Eritrea; 1995-1998 average for Lao People's Democratic Republic. No data available for Afghanistan, Angola, Kiribati, Liberia, Maldives, Myanmar, Samoa, Solomon Islands, Somalia, Sudan, Vanuatu or Tuvalu.

Chart 3. Relationship between income poverty and per capita private consumption: National-accounts-based and household-survey-based poverty estimates

(Share of population living on less than $1 a day, percentage)



Source: World Bank, WDI 2001, CD-Rom and World Bank Global Poverty Monitoring Website for household-survey-based poverty estimates; Karshenas, op. cit, for national-accounts-based poverty estimates

Note: The international poverty line is $1 a day at 1985 PPP. All the poverty estimates are based on the consumption e

Table 1. UNLDC III human development goals: Where LDCs stand

	Education								Nutrition	
	Universal enrolment and completion of primary education (% of school age population)		Adult literacy rate (% of total population)			Gender inequality in education (female rate as % of male rate)				
	Net primary enrolment rate	Children reaching Grade 5	Total	Female	Male	Primary enrolment (by 2005)	Secondary enrolment (by 2005)	Youth literacy	Undernourished people	Malnourished children
	1994-8	1995-7	1999	1999	1999	1995-7	1995-7	1999	1996-8	1995
Afghanistan	..	..	36%	20%	50%	50%	38%	57%	70%	48%
Angola	34%	..	..	..	..	92%j	..	..	43%	42%
Bangladesh	..	..	41%	29%	52%	86%j	52%j	65%	38%	56%
Benin	64%	55%j	39%	24%	55%	58%	42%	48%	14%	29%
Bhutan	..	..	..	..	..	..	..	..	..	38%x
Burkina Faso	33%	70%j	23%	13%	33%	65%	56%j	50%	32%	36%
Burundi	29%	..	47%	39%	56%	84%	57%j	93%	68%	37%x
Cambodia	100%	49%	39%	21%	59%	85%	55%	55%	33%	52%
Cape Verde	..	..	74%	65%	85%	98%	104%	93%	..	14%x
Central African Republic	..	..	45%	33%	59%	64%j	41%j	76%	41%	27%
Chad	52%	59%	41%	32%	50%	51%	27%	80%	38%	39%
Comoros	..	..	59%	52%	66%	72%j	79%	84%	..	26%
Dem. Rep. of the Congo	61%	55%j	60%	49%	72%	74%j	..	83%	61%	34%
Djibouti	32%	79%	63%	53%	75%	75%	71%	89%	..	18%
Equatorial Guinea	..	..	82%	73%	92%	..	..	97%	..	..
Eritrea	30%	70%	53%	39%	67%	81%	71%	76%	65%	44%
Ethiopia	35%	51%	37%	32%	43%	55%	71%	96%	49%	47%
Gambia	65%	..	36%	29%	43%	77%	63%	74%	16%	26%
Guinea	42%	59%j	..	..	..	60%	35%	..	29%	..
Guinea-Bissau	..	..	38%	18%	58%	..	..	40%	..	23%x
Haiti	56%	..	49%	47%	51%	94%j	95%j	100%	62%	28%
Kiribati	..	95%	..	..	..	..	..	..	..	13%x
Lao People's Dem. Rep	76%	55%	47%	32%	63%	82%	68%	69%	29%	40%x
Lesotho	66%	71%j	83%	93%	72%	112%	144%	120%	29%	16%
Liberia	..	..	53%	37%	69%	..	..	64%	46%	..
Madagascar	61%	22%j	66%	59%	73%	99%	100%	91%	40%	40%
Malawi	..	64%j	59%	45%	74%	91%	57%	74%	32%	30%
Maldives	..	..	96%	96%	96%	98%	106%	101%	..	43%
Mali	31%	84%	40%	33%	47%	69%	47%	82%	32%	40%
Mauritania	61%	64%	42%	31%	52%	89%	52%	67%	13%	23%
Mozambique	40%	33%j	43%	28%	59%	71%	56%	60%	58%	26%
Myanmar	..	..	84%	80%	89%	97%j	100%j	99%	7%	39%
Nepal	..	..	40%	23%	58%	74%	65%	54%	28%	47%
Niger	25%	73%	15%	8%	23%	64%	56%	42%	46%	50%
Rwanda	..	60%j	66%	59%	73%	99%j	78%j	95%	39%	27%
Samoa (Western)	96%	85%	80%	79%	81%	99%	112%	101%	..	..
Sao Tome and Principe	..	..	..	..	..	..	..	..	..	16%
Senegal	60%	87%	36%	27%	46%	83%	60%	69%	23%	22%
Sierra Leone	..	..	..	..	..	68%j	59%j	..	43%	29%x
Solomon Islands	..	85%j	..	..	..	86%j	65%j	..	..	21%x
Somalia	..	..	..	..	..	..	..	..	75%	26%
Sudan	..	94%j	57%	45%	69%	85%	87%	85%	18%	34%x
Utd. Rep. of Tanzania	48%	81%	75%	66%	84%	99%	83%	94%	41%	27%
Togo	83%	..	56%	40%	74%	71%	35%	66%	18%	25%
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	66%	56%	77%	84%	60%	84%	30%	26%
Vanuatu	..	..	..	..	..	96%	74%j	..	..	20%x
Yemen	..	..	45%	24%	67%	40%	26%	53%	35%	46%
Zambia	75%	..	77%	70%	85%	95%	..	94%	45%	24%

Table 1. UNLDC III human development goals: Where LDCs stand (continued)

	Population and health									Sanitation
	Child mortality		Maternal health		Reproductive health		Disease prevalence			
	Infant mortality rate (PDA) (per 1,000 live births)	Under five mortality rate (PDA) (per 1,000 live births)	Maternal mortality rate (per 100,000 live births)	Births attended by skilled health staff	Contraceptive prevalence	Female HIV/AIDS prevalence in age group 15-24 (by 2015)	HIV/AIDS prevalence in age group 15-24 (by 2005)	Malaria prevalence (per 100,000 people)	Tuberculosis prevalence (per 100,000 people)	Access to safe water
	1999	1999	1995	1995-9	1992-2000	1999a	1999a	1997	1998	2000
Afghanistan	165	257	819	9%	–	–	–	1533d	14	13%
Angola	172	295	1308	17%h	–	3%	2%	1381e	102	38%
Bangladesh	58	89	596	14%	54%	0%	0%	53	56	97%
Benin	99	156	884	60%l	–	2%	2%	11561	41	63%
Bhutan	80	107	502	16%				470	64	62%
Burkina Faso	106	199	1379	27%k	12%	6%	4%	48756	18	53%l
Burundi	106	176	1881	20%		12%	9%	15344e	101	61%
Cambodia	86	122	590	31%l	–	4%	3%	950	158	30%
Cape Verde	54	73	188					5	50	74%
Central African Republic	113	172	1206	46%k	–	14%	11%	2513f	140	60%
Chad	118	198	1497	11%		3%	2%	4787	38	47%
Comoros	64	86	573	52%k	–	–	–	2472d	22d	98%
Dem. Rep. of the Congo	128	207	939			5%	4%	29	120	41%
Djibouti	104	149	520	–	–	14%	11%	747	597	100%
Equatorial Guinea	106	160	1404			1%	0%	31166	47	47%
Eritrea	66	105	1131	21%	–	–	–	2545e	218	46%
Ethiopia	118	176	1841	10%k	8%	12%	10%	6681	116	24%
Gambia	61	75	1071	44%j	–	2%	2%	27320	1140	62%
Guinea	115	181	1224	35%h	6%	1%	1%	10400	66	48%
Guinea-Bissau	126	200	914	–	–	2%	2%	15494g	1566	49%
Haiti	83	129	1122	20%k	28%	3%	4%		1241	46%
Kiribati	53	72	–	–	–	–	–	–	333	47%
Lao People's Dem. Rep.	93	111	653			0%	0%	1101	43	47%
Lesotho	93	134	529	40%k	–	26%	19%	–	2726	91%
Liberia	157	235	1016			2%	1%		68	
Madagascar	95	156	583	47%h	19%	0%	0%	2882i	97	47%
Malawi	132	211	576	50%	22%	15%	11%	478551	223	51%
Maldives	60	83	385	55%j	–	–	–	4	65	100%
Mali	143	235	630	24%	7%	2%	2%	9841	79	61%
Mauritania	120	183	874	58%k	–	1%	0%	9428e	154c	37%
Mozambique	127	203	975	44%		15%	11%		176	60%
Myanmar	79	112	165	57%	33%	2%	1%	246	33	68%
Nepal	75	104	826	10%	29%	0%	0%	31	114	81%
Niger	162	275	923	18%h	8%	1%	1%	10037	34	59%
Rwanda	110	180	2318	22%k		11%	8%	21103	97	41%
Samoa	21	26	15	52%j	–	–	–	–	13	99%
Sao Tome and Principe	59	76						626851	502	
Senegal	68	118	1198	47%k	13%	2%	1%	7577e	94	78%
Sierra Leone	182	316	2065			3%	2%		72	28%
Solomon Islands	22	26	59	85%l	–	–	–	–	71	71%
Somalia	125	211	1582					42g	44	
Sudan	67	109	1452	69%	8%	–	–	5018	80	75%
Utd. Rep. of Tanzania	90	141	1059	35%k	24%	8%	6%	3468	160	54%
Togo	80	143	983	51%l	24%	6%	4%	8765l	28	54%
Tuvalu	40	56							180	100%
Uganda	83	131	1056	38%k	15%	8%	6%	3285l	142	50%
Vanuatu	37	46	32	70%l					98	88%
Yemen	86	119	850	22%h	21%	–	–	–	73	69%
Zambia	112	202	867	47%l	25%	18%	13%	34000d	4821	64%

Sources: (1) UNESCO. Correspondence on net enrolment rates. March 2001. Paris. (2) UNESCO. *World Education Report 2000. The right to education - towards education for all throughout life*. Paris. (3) World Bank. World Development Indicators 2001. CD-Rom. Washington, DC. (4) FAO. State of world food insecurity 2000 (www.fao.org/focus/e/sofi00/sofi001-e.htm). (5) Kenneth, H., C. Abou Zahr, and T. Wardlaw. Estimates of maternal mortality for 1995. Bulletin of the WHO 79 (3): 182-193. (6) WHO. WHO global database on coverage of maternal care. Department of Reproductive Health and Research. January 2001. Geneva. (7) UNAIDS (www.unaids.org/epidemic_update/report/Final_Table_Eng_Xcel.xls). (8) UNICEF. *The state of the world's children 2001*. 2001. New York, NY. (9) WHO/ UNICEF/ WSSCC. Global water supply and sanitation assessment report 2000. 2000.

Notes: For definition of indicators see Box 1. The target fulfilment year for the reduction of HIV/AIDS in young women differs from the target fulfillment year of HIV/AIDS reduction in young persons overall, because the target for young women is part of the reproductive health goal which is set for 2015, whereas the overall target for young persons is a specific health goal that is set for 2005. Values correspond with headline years and periods, unless otherwise specified. If the value does not correspond with the specified year or period, the corresponding year or period is specified with a lower-case letter, where a: late 1999, b: 1998, c: 1997, d: 1996, e: 1995, f: 1994, g: 1993, h: 1992, i: 1991, j: 1990, k: 1989, l: 1988. x: data refers to a year or period other than that specified, differs from the standard definition or refers to only part of the country.

Table 2. UNLDC III human development goals: Progress in the 1990s

	Education								Nutrition	
	Universal enrolment and completion of primary education (% of school age population)		Adult literacy rate (% of total population)			Gender inequality in education (female rate as % of male rate)				
	Net primary enrolment rate	Children reaching Grade 5	Total	Female	Male	Primary enrolment (by 2005)	Secondary enrolment (by 2005)	Youth literacy	Undernourished people	Malnourished children
Base line years	1990	1990	1999	1999	1999	n.a.	n.a.	n.a.	1996	1990
Afghanistan	..	..	Lagging	On track	Lagging	Far behind	..	Lagging	Slipping back	..
Angola	..	..	..	..	..	..	..	..	**On track**	..
Bangladesh	..	..	Far behind	Lagging	Far behind	..	..	Far behind	Far behind	..
Benin	**On track**	..	**On track**	**On track**	**On track**	Far behind	Far behind	Far behind	**On track**	..
Bhutan	..	..	..	..	..	..	..	..	..	..
Burkina Faso	Far behind	..	**On track**	**On track**	Lagging	Far behind	..	Far behind	Far behind	..
Burundi	Slipping back	..	Lagging	On track	Far behind	Far behind	..	On track	Slipping back	..
Cambodia	..	..	Lagging	**On track**	Far behind	..	Far behind	Far behind	**On track**	..
Cape Verde	..	..	Lagging	Far behind	On track	..	..	On track	.	.
Central African Republic	..	..	**On track**	**On track**	Lagging	..	..	**On track**	**On track**	..
Chad	Far behind	Far behind	On track	On track	On track	Far behind	Far behind	On track	On track	..
Comoros	..	..	Far behind	Far behind	Far behind	..	**On track**	Far behind	..	..
Dem. Rep. of the Congo	Lagging	..	Lagging	On track	Lagging	..	..	On track	Slipping back	..
Djibouti	Far behind	Slipping back	Far behind	Lagging	Far behind	Far behind	Far behind	**On track**	..	..
Equatorial Guinea	..	..	Lagging	Lagging	On track	..	..	Achieved	..	..
Eritrea	Far behind	..	Far behind	**On track**	Far behind	..	..	**On track**	..	..
Ethiopia	Far behind	..	Lagging	On track	Far behind	Slipping back	Slipping back	Achieved	..	..
Gambia	**On track**	..	**On track**	**On track**	**On track**	Lagging	Lagging	Far behind	**On track**	..
Guinea	Far behind	..	..	..	..	Far behind	Far behind	..	On track	..
Guinea-Bissau	..	..	Lagging	**On track**	Lagging	..	..	Far behind	..	..
Haiti	On track	..	Lagging	Lagging	Far behind	..	..	Achieved	Far behind	..
Kiribati	..	**On track**	..	..	..	..	..	..	..	..
Lao People's Dem. Rep.	On track	..	Lagging	On track	Far behind	Far behind	Far behind	On track	Far behind	..
Lesotho	Slipping back	..	Far behind	**On track**	Far behind	**Achieved**	**Achieved**	**Achieved**	Far behind	..
Liberia	..	..	Lagging	On track	Lagging	..	..	Far behind	Far behind	..
Madagascar	Slipping back	..	Far behind	Far behind	Far behind	**Achieved**	**Achieved**	**On track**	Slipping back	..
Malawi	..	..	Far behind	Lagging	Far behind	On track	Far behind	Far behind	On track	..
Maldives	..	..	**Achieved**	**Achieved**	**Achieved**	..	..	**Achieved**	..	..
Mali	Far behind	On track	On track	On track	On track	Far behind	Slipping back	On track	Slipping back	..
Mauritania	**On track**	Slipping back	Far behind	Far behind	Far behind	**On track**	Far behind	Far behind	**On track**	..
Mozambique	Slipping back	..	Lagging	On track	Far behind	Far behind	Far behind	Far behind	On track	..
Myanmar	..	..	Far behind	Far behind	Far behind	..	..	**Achieved**	**On track**	..
Nepal	..	..	Lagging	On track	Far behind	Lagging	Lagging	Far behind	Slipping back	..
Niger	Far behind	**On track**	Lagging	**On track**	Lagging	Far behind	Far behind	Far behind	Far behind	..
Rwanda	..	..	Lagging	Lagging	Far behind	..	..	On track	Far behind	..
Samoa	..	..	Far behind	Far behind	Far behind	**Achieved**	**Achieved**	**Achieved**	..	..
Sao Tome and Principe	..	..	..	..	..	..	..	..	..	..
Senegal	**On track**	Far behind	Lagging	**On track**	Far behind	Lagging	Far behind	Far behind	Far behind	..
Sierra Leone	.	..	..	..	..	..	..	..	Far behind	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..
Somalia	..	..	..	..	..	..	..	..	Slipping back	..
Sudan	..	..	Lagging	**On track**	Far behind	**On track**	**On track**	**On track**	**On track**	..
Utd. Rep. of Tanzania	Far behind	Far behind	Lagging	Lagging	Lagging	Achieved	On track	On track	Slipping back	..
Togo	**On track**	..	Far behind	**On track**	Far behind	Far behind	Far behind	Far behind	**On track**	..
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	Far behind	Lagging	Far behind	Far behind	Far behind	Lagging	Slipping back	..
Vanuatu	..	..	..	..	..	..	..	..	..	..
Yemen	..	..	**On track**	**On track**	Far behind	..	..	Lagging	Far behind	..
Zambia	Slipping back	..	Lagging	Lagging	Lagging	..	..	On track	Slipping back	..

Table 2. UNLDC III human development goals: Progress in the 1990s (continued)

	Population and health									Sanitation
	Child mortality		Maternal health		Reproductive health		Disease prevalence			
	Infant mortality rate (POA)	Under-5 mortality rate (POA)	Maternal mortality rate	Births attended by skilled health staff	Contraceptive prevalence	Female HIV/AIDS prevalence in age group 15-24 (by 2000)	HIV/AIDS prevalence in age group 15-24 (by 2000)	Malaria prevalence (per 100,000 people)	Tuberculosis prevalence (per 100,000 people)	Access to safe water
Base line years	1990	1990	1990	1990	n.a.	1990	1990	1990	1990	1990
Afghanistan	Far behind	Far behind	..	..	..	..	..	On track	Achieved	..
Angola	Far behind	Far behind	..	..	..	..	..	On track	Far behind	..
Bangladesh	On track	On track	..	Far behind	Lagging	..	..	Slipping back	Slipping back	Achieved
Benin	Far behind	Far behind	..	On track	..	..	..	Slipping back	Far behind	..
Bhutan	On track	On track	..	..	..	..	..	Lagging	Far behind	..
Burkina Faso	Far behind	Far behind	..	Far behind	Far behind	..	..	Lagging	Far behind	..
Burundi	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	..
Cambodia	Far behind	Far behind	..	Slipping back	..	..	..	On track	Slipping back	..
Cape Verde	Far behind	Far behind	..	..	..	..	..	Achieved	On track	..
Central African Republic	Far behind	Far behind	..	Slipping back	..	..	..	Achieved	Slipping back	Far behind
Chad	Far behind	Far behind	..	Far behind	..	..	..	Slipping back	Lagging	..
Comoros	On track	On track	..	On track	..	..	..	..	On track	Achieved
Dem. Rep. of the Congo	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Djibouti	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	Achieved
Equatorial Guinea	Far behind	Lagging	..	..	..	..	..	Achieved	Slipping back	..
Eritrea	On track	On track	..	..	..	..	..	..	Slipping back	..
Ethiopia	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	On track	Far behind
Gambia	On track	On track	..	..	..	..	..	Slipping back	..	..
Guinea	Lagging	Lagging	..	Far behind	Far behind	..	..	Slipping back	Slipping back	Far behind
Guinea-Bissau	Far behind	Far behind	..	..	..	..	..	Slipping back	Slipping back	..
Haiti	Lagging	Far behind	..	Slipping back	Far behind	..	..	..	Lagging	Far behind
Kiribati	On track	On track	..	..	..	..	..	..	Slipping back	..
Lao People's Dem. Rep.	Lagging	On track	..	..	..	..	..	Slipping back	Far behind	..
Lesotho	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Liberia	Far behind	Far behind	..	..	..	..	..	..	On track	..
Madagascar	Far behind	Far behind	..	Slipping back	Far behind	..	..	..	Slipping back	Far behind
Malawi	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	Lagging
Maldives	On track	On track	..	..	..	..	..	Achieved	Far behind	Achieved
Mali	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	On track
Mauritania	Far behind	Far behind	..	On track	..	..	..	Slipping back	On track	Far behind
Mozambique	Far behind	Far behind	..	..	..	..	..	..	Far behind	..
Myanmar	Far behind	Far behind	..	On track	Lagging	..	..	On track	Far behind	Far behind
Nepal	On track	On track	..	Far behind	Far behind	..	..	Achieved	Slipping back	On track
Niger	Far behind	Far behind	..	Far behind	Far behind	..	..	Slipping back	Achieved	Far behind
Rwanda	Far behind	Far behind	..	..	..	..	..	Slipping back	Far behind	..
Samoa	Achieved	Achieved	..	..	..	..	..	..	Achieved	Achieved
Sao Tome and Principe	Lagging	Lagging	..	..	..	..	..	..	Slipping back	..
Senegal	On track	Lagging	..	Far behind	Far behind	..	..	Slipping back	Slipping back	On track
Sierra Leone	Far behind	Far behind	..	..	..	..	..	..	Slipping back	..
Solomon Islands	Achieved	Achieved	..	..	..	..	..	..	On track	..
Somalia	Far behind	Far behind	..	..	..	..	..	Achieved	Slipping back	..
Sudan	Far behind	Far behind	..	..	Far behind	..	..	Slipping back	Slipping back	On track
Utd. Rep. of Tanzania	Far behind	Far behind	..	Slipping back	Far behind	..	..	Achieved	Slipping back	Far behind
Togo	Far behind	Far behind	..	Lagging	Far behind	..	..	Achieved	On track	Far behind
Tuvalu	Far behind	Far behind	..	..	..	..	..	..	On track	Achieved
Uganda	Far behind	Lagging	..	Far behind	Far behind	..	..	..	Far behind	Far behind
Vanuatu	On track	On track	..	..	..	..	..	..	Slipping back	..
Yemen	Far behind	Far behind	..	Far behind	Far behind	..	..	..	..	Far behind
Zambia	Far behind	Far behind	..	Far behind	Far behind	..	..	Slipping back	Slipping back	On track

Source: Same as table 2.
Note: For definition of "achieved", "on track", "lagging", "far behind", and "slipping back" see text.

Table 3. UNLDC III human development goals: Summary of progress in the 1990s

		Number of LDCs according to progress categories[1]					
		Achieved	On track	Lagging	Far behind	Slipping back	No data
Education	Net primary enrolment	0 (0%)	4 (8%)	9 (18%)	11 (23%)	4 (8%)	27 (56%)
	Children reaching Grade 5	0 (0%)	3 (3%)	0 (0%)	3 (8%)	2 (0%)	41 (88%)
	Adult literacy rate - Total	0 (0%)	0 (0%)	19 (48%)	12 (37%)	0 (0%)	10 (15%)
	Adult literacy rate - Female	1 (0%)	23 (49%)	9 (35%)	6 (10%)	0 (0%)	10 (6%)
	Adult literacy rate - Male	0 (0%)	6 (4%)	9 (22%)	23 (68%)	0 (0%)	10 (6%)
	Gender equality in primary enrolment (by 2005)	4 (8%)	3 (7%)	3 (5%)	13 (20%)	1 (9%)	25 (50%)
	Gender equality in secondary enrolment (by 2005)	0 (0%)	3 (10%)	2 (4%)	13 (18%)	2 (11%)	26 (54%)
	Gender equality in youth literacy	7 (18%)	14 (29%)	3 (9%)	15 (38%)	0 (0%)	10 (6%)
Nutrition	Underweight children	0 (0%)	13 (9%)	0 (0%)	11 (0%)	10 (0%)	16 (0%)
	Malnourished children	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	49 (100%)
Population and health	Infant mortality rate (IMR)	2 (0%)	10 (26%)	4 (6%)	33 (68%)	3 (6%)	0 (0%)
	Under-5 mortality rate (POA)	2 (0%)	10 (26%)	5 (6%)	32 (68%)	4 (7%)	0 (0%)
	Maternal mortality ratio	0 (0%)	2 (0%)	0 (0%)	0 (0%)	0 (0%)	49 (100%)
	Births attended by skilled health staff	0 (0%)	4 (9%)	1 (1%)	10 (39%)	5 (11%)	29 (40%)
	Contraceptive prevalence	0 (0%)	2 (0%)	0 (0%)	16 (44%)	0 (0%)	31 (56%)
	Female HIV/AIDS prevalence in age group 15-24 (by 2015)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	49 (100%)
	HIV/AIDS prevalence in age group 15-24 (by 2005)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	49 (100%)
	Malaria prevalence (per 100,000 people)	8 (11%)	4 (14%)	2 (2%)	0 (0%)	18 (50%)	17 (22%)
	Tuberculosis prevalence (per 100,000 people)	3 (5%)	8 (11%)	2 (2%)	10 (17%)	24 (52%)	2 (3%)
Sanitation	Access to safe water	6 (21%)	5 (13%)	1 (2%)	12 (36%)	0 (0%)	25 (29%)

Source: Based on table 2.

[1] For definition of categories see text. Numbers in brackets represent percentage of LDC population in category.

Table 4. Net ODA flows from DAC countries[a] to least developed countries, 1988-1989, 1998 and 1999

	$ million	Percentage of donor's total	Percentage of donor's GNP	$ million	Percentage of donor's total	Percentage of donor's GNP	$ million	Percentage of donor's total	Percentage of donor's GNP
	1988-89			1998			1999		
Australia	189	18	0.07	158	16	0.04	171	17	0.04
Austria	57	20	0.05	86	19	0.04	71	14	0.03
Belgium	282	43	0.18	243	28	0.10	166	22	0.07
Canada	574	25	0.11	338	20	0.06	308	18	0.05
Denmark	358	38	0.35	554	33	0.32	548	32	0.32
Finland	254	39	0.24	105	26	0.08	104	25	0.08
France	1 443	26	0.15	1 003	17	0.07	900	16	0.06
Germany	1 254	26	0.10	1 164	21	0.05	1 098	20	0.05
Greece				7	4	0.01	4	2	0.00
Ireland	18	34	0.06	91	46	0.14	92	37	0.12
Italy	1 347	40	0.16	815	36	0.07	393	22	0.03
Japan	1 700	19	0.06	1 550	15	0.04	2 556	17	0.06
Luxembourg				29	26	0.17	29	28	0.16
Netherlands	624	29	0.28	802	26	0.21	622	20	0.16
New Zealand	13	14	0.03	27	21	0.06	32	24	0.06
Norway	364	38	0.42	493	37	0.34	452	33	0.30
Portugal	73	75	0.17	141	55	0.13	124	45	0.11
Spain	74	19	0.02	126	9	0.02	148	11	0.02
Sweden	567	34	0.31	446	28	0.20	407	25	0.17
Switzerland	209	36	0.11	263	29	0.09	263	27	0.10
United Kingdom	744	28	0.09	946	26	0.07	715	21	0.05
United States	1 109	12	0.02	1 333	15	0.02	1 448	16	0.02
TOTAL DAC	**11 252**	**24**	**0.08**	**10 770**	**21**	**0.05**	**10 650**	**19**	**0.05**

Source: OECD-DAC on-line database.

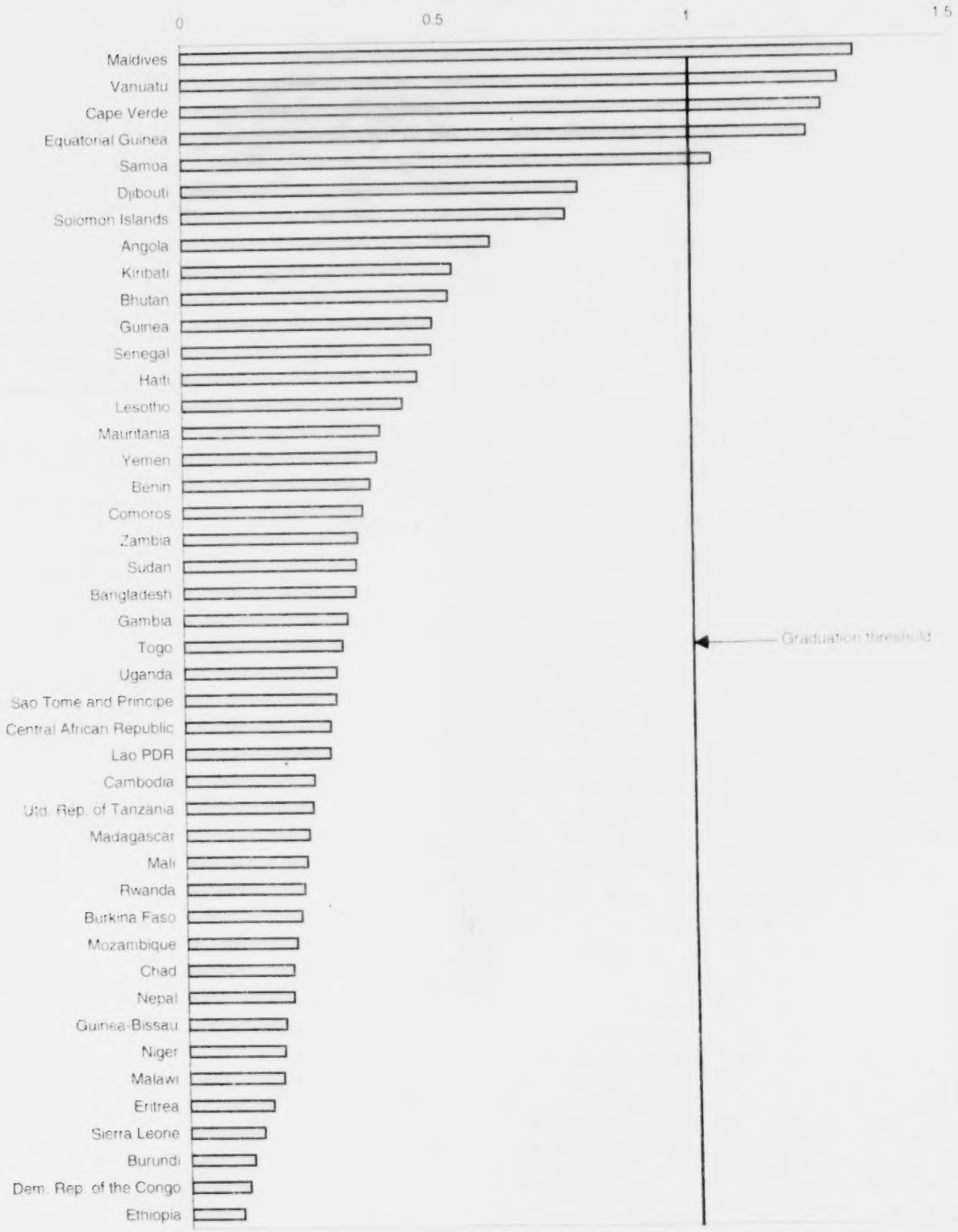
[a] Including imputed multilateral flows, i.e. making allowance for contributions through multilateral organizations, calculated using the geographical distribution of multilateral disbursements for the year of reference.

Table 5. Net ODA disbursements of OECD/DAC donors to LDCs in 2005 under different scenarios
($ million, constant 1999)

	1999	2005
Scenario 1: If OECD/DAC donors continue overall ODA trend decrease of the 1990s	10 650	4 190
Scenario 2: If OECD/DAC donors maintain their ODA levels of 1999	10 650	12 810
Scenario 3: If OECD/DAC donors gradually fulfil their ODA targets by 2010	10 650	17 433
Scenario 4: If OECD/ DAC donors gradually fulfil their ODA targets by 2007	10 650	21 114
Scenario 5: As scenario 3, and Japan and United States increase their ODA to 0.15% of their GNP	10 650	26 871
Scenario 6: As scenario 4, and Japan and United States increase their ODA to 0.15% of their GNP	10 650	33 902

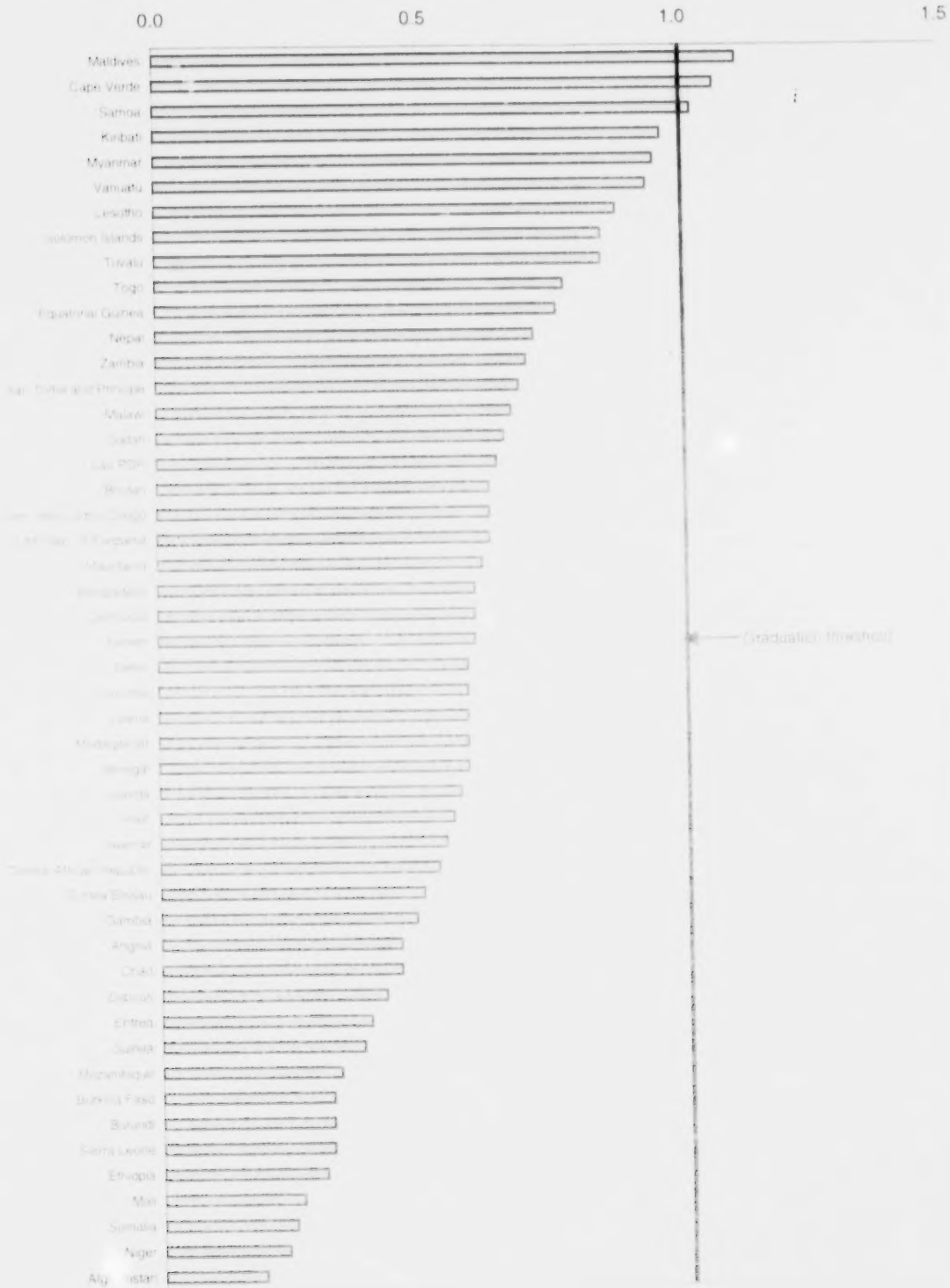
Source: UNCTAD Secretariat estimates, based on OECD/DAC online database (www.oecd.org/dac).
Note: For detailed assumptions see text.

Chart 4 a. Average GDP per capita in LDCs, 1997-1999: Ratio to graduation threshold



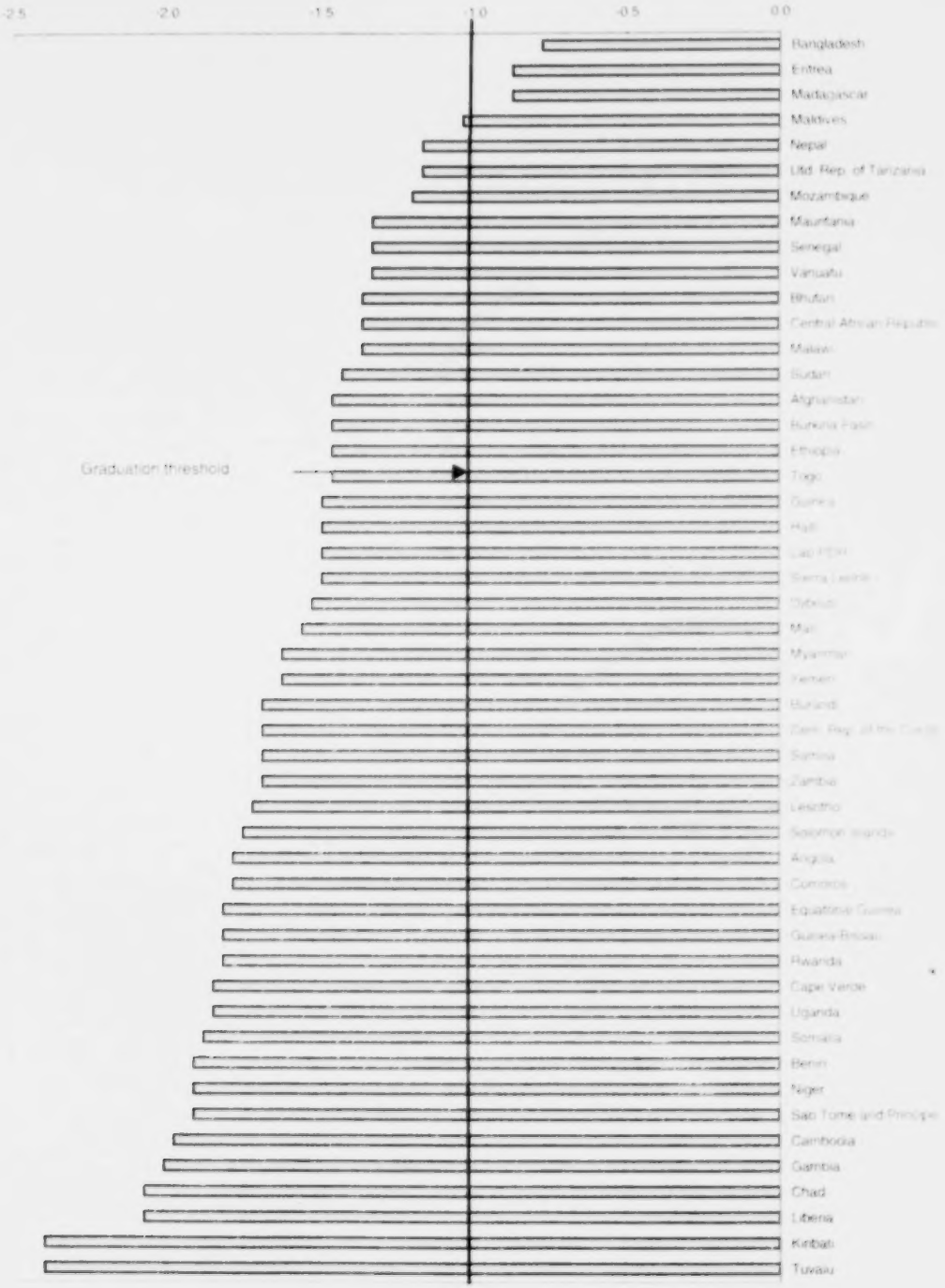
Source: UNCTAD secretariat estimates based on World Bank WDI 2001 CD-Rom.
Note: Averages of GDP per capita in current dollars, official exchange rates. 1997-1998 averages for Democratic Republic of the Congo, Djibouti and Maldives. No data available for Afghanistan, Liberia, Myanmar, Somalia or Tuvalu.

Chart 4b: Augmented physical quality of life index in LDCs, 1997: Ratio to graduation threshold



Source: United Nations, 2000, op. cit.

Chart 4c. Economic vulnerability index in LDCs 1997-1998: Ratio to graduation threshold



Source: United Nations, 2000, op. cit.
Note: All countries lower than -1.0 have economic vulnerability in excess of the graduation threshold. The instability components of the Economic Vulnerability Index are based on data from 1979 to 1997 or 1998, and the other components on data for 1997 or 1998.

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Forty-eighth session
Geneva, 1 October 2001

COMMUNICATION TO THE TRADE AND DEVELOPMENT BOARD AT ITS FORTY-EIGHTH SESSION

Note by the secretariat

The attached Joint Communiqué of the XI Summit of the Heads of State and Government of the Group of Fifteen and the Jakarta Declaration on Information and Communication Technology for Development are being circulated to the Trade and Development Board at the request of the Chairman of the Personal Representatives of the Group of Fifteen and Permanent Representative of Venezuela to the United Nations in Geneva.

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GROUP OF FIFTEEN
The Summit Level Group of Developing Countries

XI SUMMIT OF THE HEADS OF STATE AND GOVERNMENT OF THE GROUP OF FIFTEEN

Jakarta, Indonesia, 30 - 31 May 2001

JOINT COMMUNIQUE

1. We, the Heads of State and Government of the Group of Fifteen, meeting in Jakarta, Indonesia, on 30-31 May 2001 for our Eleventh Summit, underscore our commitment to explore measures for harnessing the potentials of information and communications technology (ICT) for development in our countries and other developing countries. We resolve also to rededicate ourselves to deepening cooperation and collaboration among our countries and with the wider community of developing countries. We reaffirm our desire to engage our developed partners through effective dialogue and partnership towards creating an international economic environment conducive to development. We reiterate the need to maintain peace, security and stability, which are indispensable conditions for social and economic development and reaffirm our commitment to these objectives. In this context, we are fully committed to the advancement of the objectives of the Millennium Summit Declaration and the United Nations Year of Dialogue among Civilizations.

2. We note that despite the rapid recovery of the global economy in 1999 and early 2000, the looming slowdown reduces prospects for sustaining this momentum. This influences negatively, the projections for sustained economic growth and sustainable development in developing countries. These developments highlight the need for a new global approach, to bolster cooperation and partnership to promote a more equitable sharing of the benefits of globalization. This is vital for the realization of the enormous potentials of new technologies to reduce the widening gap between developed and developing countries.

3. We have sustained the momentum of the desired macroeconomic and structural reforms aimed at sustaining economic growth and deepening our integration into the global economy. While such progress has undoubtedly improved the prospects for growth in our countries, we continue to face challenges and uncertainties, including the risk of further volatility in the financial markets, a slowdown in the growth of the world economy, increasing protectionism in developed countries, high levels of structural unemployment, poverty, and widening income gaps between countries. We therefore recognize the need to have a higher degree of macroeconomic co-ordination among developed countries to promote a conducive environment for growth and development and to minimize the adverse social and economic consequences of globalization.

4. We recognize that information and communications technologies (ICT) are central to the emergence of the knowledge-based economy. We are however deeply concerned that the huge potential of ICT for advancing development is largely eluding most developing countries resulting in a growing digital divide. We hold that there is an urgent need to develop a common vision and adequate as well as prompt international cooperation to bridge this divide, to allow the information and knowledge revolution to reduce economic inequalities among peoples, countries and regions of the world. With a view to contributing to, and benefiting from on going international initiatives as well as evolving a framework of cooperation among our countries, we have adopted the Jakarta Declaration on ICT.

5. We note with concern that 1.2 billion of the world's population still live in conditions of abject poverty and deprivation, and the international community must therefore demonstrate greater commitment to making the right to development a reality. We reaffirm our commitment to national, regional and international endeavours to fight poverty. To this end, our countries must be at the forefront of efforts to galvanize concrete international actions to attain the goals of the Copenhagen Declaration and Programme of Action of the World Summit for Social Development as well as the results of other UN global conferences of the 1990s that addressed poverty eradication in developing countries. In this context, we welcome the UN Millennium Declaration's reaffirmation of the resolve of the international community to halve, by the year 2015, the proportion of the world's population living in conditions of extreme poverty. We similarly consider the forthcoming *World Food Summit: Five Years -Later*, to be held on 5-9 November 2001 in Rome, as timely and deserving, and urge the full support and effective participation of the international community and relevant international institutions to ensure the attainment of food security for all.

6. We stress the urgent need for international measures to address pandemic and endemic diseases such as HIV/AIDS, Tuberculosis and Malaria that seriously accentuate poverty, as well as the need for financial resources and appropriate international rules to help developing countries to ensure the implementation of the necessary immunization programme against communicable diseases. We welcome the adoption of the Commission on Human Rights Resolution 2001/33 on "Access to medication in the Context of Pandemics such as HIV/AIDS" as well as the World Health Assembly resolutions on "Scaling up the Response to HIV/AIDS" and "WHO Medicines Strategy". The implementation of the Trade-Related Intellectual Property Rights (TRIPS) Agreement should in no way prevent developing countries from taking measures, such as compulsory licensing and parallel imports to ensure access *to* life-saving and essential drugs at affordable prices to overcome the hazards to public health and nutrition caused by HIV/AIDS and other diseases. We consider the forthcoming Special Discussion in the Council for TRIPS of the WTO as an opportunity for promoting a convergence of views in this regard.

7. We welcome the adoption of a Plan of Action at the Third United Nations Conference on Least Developed Countries (LDCs) held in Brussels in May 2001, and call on the international community, particularly the developed countries and relevant international institutions, to fulfil their commitments in the implementation of the Plan of Action.

8. In light of the significance of employment generation in alleviating poverty, we welcome the decision of the *Special Session of the United Nations General Assembly on World Summit for Social Development and Beyond* held from 26-30 June 2000 in Geneva, to convene a World Employment Forum, under the auspices of the International Labour Organization (ILO), in November 2001. We consider the Forum an opportunity for the formulation of a global framework for the realization of a Comprehensive Employment Strategy. In the preparations for the Forum, we urge the International Labour Office to take into consideration the G-15 initiative on a Comprehensive Employment Strategy and to ensure that actual implementation programmes figure prominently in the ILO's programme and budget for the years 2002 - 2003.

9. Recent trend towards greater reliance on private capital flows in financing development and in the diminishing role of official development assistance accentuates the inequality in the distribution of resources among countries, while at the same time inducing more volatility in financial flows. Capital flows to many developing countries continue to be insufficient in spite of the bold steps taken to restructure and reform their economies with a view to attracting higher levels of foreign investment flows. We therefore call for a pro-active approach to effective public and private partnerships in order to facilitate increased levels of resource flows to developing countries and, most particularly to the poor countries. We also call upon foreign investors to ensure that their activities take into account the development objectives of their host countries.

10. External capital flows, including Foreign Direct Investment (FDI) and Official Development Assistance (ODA), for development remain a critical means for most of the developing countries to generate sustained economic growth and sustainable development. We therefore express our deep concern on the dramatic decline, in real and nominal terms, in ODA flows to developing countries. We reiterate our call on the industrialized countries to strengthen their efforts to meet the United Nations agreed target of 0.7 per cent of their GDP for overall ODA, and the target of 0.15 per cent for flows to the Least Developed Countries (LDCs), and that debt relief or emergency aid should not be provided at the expense of ODA. In this context, it is important to ensure an equitable distribution of resource flows among all developing countries.

11. The international community should address and urgently rectify all existing imbalances in the world economy to enable developing countries finance their development strategies. We emphasize that the reform of the international financial architecture (IFA) is long overdue and top priority should be given to measures by both the public and private sectors to prevent future crises. More meaningful and equitable participation, cooperation and consultation between developing and developed countries are required in the reform of the international financial system to ensure that the interests of all developing countries are safeguarded. While we welcome the advances made by national authorities in implementing reforms to strengthen their economic and financial systems as the best defence against future crises, we are concerned by the lack of progress in reforms in the international financial system to address the risks and challenges of highly volatile capital flows. In this regard, the G-15 has an important role in energizing the momentum for international financial reforms. The G-15 is ready to contribute to the international dialogue on this issue to ensure that the concerns and interests of the developing countries in general, and the G-15 in particular, are adequately protected. We welcome Malaysia's offer to convene a meeting of G-15 experts to examine the current work on the IFA issues in order to

better articulate positions in various international fora on IFA reforms, including the International Conference on Financing for Development. We call upon our developed partners in the spirit of shared responsibility to ensure international financial stability by pursuing macroeconomic policies that do not have an adverse impact on international financial markets and by contributing positively and actively to the reform of the international financial system.

12. In this context, highly leveraged institutions should be monitored and regulated to safeguard countries from the destabilizing effects of their activities. While calling on the International Financial Institutions (IFIs) to provide realistic and flexible policy alternatives for all forms of emergency financing, they should acknowledge the rights of all countries to implement prudential measures aimed at ensuring financial stability. The reform should therefore include a review and complete overhaul of the rules of the IFIs and regulatory agencies to ensure that their policies respond effectively and timely to the needs and specific circumstances of affected countries. Their provision of financial support should not result in shifting the burden from one group of developing countries to another. In the context of the continuing coordination and consultation between the G-15 and the G-24, we support the call of the latter at its Sixty Fourth Meeting in Prague, September 2000, for the International Monetary Fund (IMF) to focus, in collaboration with the World Bank, on systemic issues relating to the functioning of financial markets. We therefore welcome the recent progress by the IMF to develop an early warning system to help countries better assess the risks they face in international financial markets.

13. We remain concerned that the debt problem of developing countries continues to be a major obstacle to development. We note with interest the recent G7 Finance Ministers' Statement on the implementation of the Heavily Indebted Poor Countries' (HIPCs) initiative. However, we reiterate our call for expeditious and additional actions by developed countries to enable all HIPC countries to qualify for debt and debt-service reduction as well as the write-off of unpayable debts of such countries, as appropriate. We urge the industrialized nations, as a demonstration of their commitment to poverty alleviation, to provide sufficient additional resources not linked to ODA and to accelerate their disbursements to ensure that all eligible countries benefit from debt relief. We also note with concern that the creditor countries and international financial institutions have so far failed to introduce arrangements for orderly and equitable workouts for commercial debt and the provision of adequate international liquidity, under appropriate terms and conditions, to countries facing serious debt-servicing difficulties. We therefore encourage all actors in the development process to find a durable solution to the debt overhang that continues to seriously constrain the ability of many low and middle-income developing countries to combat poverty, provide basic services in health and education, and to upgrade their social and physical infrastructures. We strongly believe debt relief measures should be developed and extended, to include these countries.

14. In recognition of the vital role of development finance to our development process and the growth of the world economy, our countries will deepen their cooperation and sustain their active participation in the preparatory process leading up to the International Conference on Financing for Development to be held in 2002 in Mexico. We urge all Heads of State and Government to participate in this Conference. It should address in a holistic manner the interrelated issues of trade, development and finance, including the urgent need to rectify asymmetries, biases, structural imbalances and systemic problems in the world economic and

financial system through, inter alia, fair market access opportunities to products and services of interest to developing countries, enhanced debt relief measures, improved access to international financial flows and strengthening financial stability to enable developing countries generate resources for their development strategies. To this end, the Conference should aim at making globalization work for all peoples and achieving the internationally agreed development targets and the Millennium Summit goals through concrete measures and actions.

15. Taking into account the worrisome trends towards corruption and illegal transfer of funds, we note with concern that, in a number of developing countries, such transfers constitute a major hindrance to development. We, therefore, reiterate our support for the resolution on the Prevention of Corrupt Practices and Illegal Transfer of Funds adopted by the United Nations General Assembly at its 54th Session, and call for redoubled efforts to address, in all its ramifications, the illegal transfer of funds to ensure their repatriation to the countries of origin.

16. We reaffirm that a rule-based, open, just, equitable and non-discriminatory multilateral trading system is a prerequisite for a sound and balanced international economy and the credibility of the multilateral trading system. In this context, greater inclusiveness, internal transparency and effective participation of all members in the decision making process in the World Trade Organization (WTO) should be enhanced in order to accommodate the legitimate requirements and priorities of developing countries. We stress that the development dimension should constitute an overarching theme in the WTO agenda. We have sustained our efforts to open our markets, strengthen our institutions and orient our economies to the challenges of the new global economy. We note, however, that tariff peaks, tariff escalations and non-tariff barriers, including new restrictions under the pretext of sanitary and phytosanitary measures, persisting in industrial countries on products of export interest to developing countries, have adversely impacted on the export performance of these products and growth in developing countries.

17. We are against the use of subsidies, anti-dumping and safeguards provisions as protectionist and trade distorting measures by developed countries. It is also regrettable to observe that while negotiations in the WTO have significantly led to the liberalization of trade in many sectors, equal attention has not been given to those sectors of particular importance to developing countries, such as textiles and agriculture. We urge the developed countries to demonstrate their true commitment to free trade by promoting substantial liberalization in agriculture and textiles and in other sectors and modes of supply of services of export interest to developing countries, in particular the movement of natural persons, as envisaged in the General Agreement on Trade in Services. Real progress in mandated negotiations and review are essential to the future of a fair and free trading system. We also stress the importance of commodities exports for the development of developing countries. In this regard, we call upon UNCTAD and other relevant organizations, as well as the Common Fund for Commodities, to identify measures aimed at promoting stability in prices of commodities and the transformation, value addition and diversification of such products in the countries in which they are produced. We also strongly reiterate that non-trade issues such as labour standards and environmental conditionalities should not be included in the WTO agenda.

18. We strongly stress the need for a meaningful solution to the Implementation Issues pertaining to the Uruguay Round Agreements and Decisions by the IV Ministerial Conference in Doha, Qatar, in accordance with the decision of the General Council of the WTO, and for the operationalization of the special and differential provisions in favour of developing countries as a binding commitment.

19. We urge developed countries to address development concerns of developing countries in international fora, and in particular, in the forthcoming Ministerial Conference of WTO. We emphasize the need to preserve a flexible policy space in which developing countries could pursue policies oriented to promote and sustain competitiveness and dynamism within their goods and services sectors.

20. In this context, the Trade-Related Intellectual Property Rights (TRIPS) Agreement should be implemented in a way that contributes to the promotion of technological innovation, transfer and dissemination of technology and social and economic welfare of developing countries.

21. In light of our commitment to the early accession of developing countries to the WTO, we reiterate the need for a transparent, non-discriminatory, streamlined and accelerated accession process that is in keeping with WTO rules and disciplines. They should be offered terms that do neither exceed nor are unrelated to the commitments of developing country and LDC members of WTO.

22. We further express our concern on the deterioration of preferential schemes, especially the imposition of additional conditionalities on developing countries under the Generalized System of Preferences (GSP). Accordingly, we call for the exclusion of conditionalities, particularly labour, health, safety and environmental standards in the implementation of GSP schemes. We also call upon the developed countries to provide necessary assistance to developing countries in dealing with their special difficulties in combating narcotic drug production and trafficking.

23. A dynamic multilateral trading system should be responsive to the needs of developing countries, including, small and vulnerable economies as well as LDCs. We call for the creation of a favourable international environment to facilitate their beneficial integration into the global trading system. In this regard, we take note of the recent initiative to grant improved market access to products originating from LDCs. We note further that measures should be taken to avoid possible negative impact from these initiatives on other developing countries.

24. We emphasize the important role of the United Nations Conference on Trade and Development (UNCTAD) in assisting developing countries in capacity building and in preparing them for future trade negotiations as well as ensuring that the development dimension is fully taken into account.

25. We agree to strengthen the cooperation among our countries in matters concerning multilateral trade negotiations, including timely consultations at the appropriate levels, in order to contribute meaningfully to the safeguarding of the interests of developing countries in these negotiations.

26. In welcoming the forthcoming Rio + 10, we underline that its priority should be the identification of concrete measures to ensure that the developed countries in particular, fulfill their commitments under Agenda 21 and the Rio Declaration principles. We recognize the need to strike a balance between the sustainable use of natural resources and environmental protection, in the understanding that such a balance constitutes the very basis of sustained economic growth and development. To this end, we reaffirm our commitment, according to our capacities and resources, to the goals and principles enunciated in Agenda 21 and the Rio Declaration. We note that the environmental consciousness and momentum generated by the United Nations Conference on Environment and Development (UNCED) held in 1992 in Rio de Janeiro have not been matched with adequate action by most industrialized countries, which bear responsibility for the greater share of environmental degradation, in failing to take any meaningful measures to reverse their unsustainable patterns of economic activity and consumption. Industrialized countries have not fulfilled their commitments to provide the necessary assistance, including new and additional financial resources, technical expertise and the transfer of environmentally friendly technology on favourable terms to developing countries. These factors are crucial to the implementation of national policies and multilateral environmental agreements as well as the improvement of the competitiveness of environmentally friendly goods and services of developing countries.

27. We reiterate therefore that global environmental problems should be addressed within the framework of the UNCED outcomes, including in particular, the recognition of the principle of common but differentiated responsibilities. To this end, we agree that Rio+10 should exclude any attempt to renegotiate the commitments undertaken at UNCED 1992 and the introduction of new issues, including environmental standards as conditionality for trade. We also acknowledge the need to ensure the active participation of our countries in the Rio + 10 preparatory process and consider it an opportune occasion to promote G-15 cooperation on environmental issues with a view to protecting our bio-diversity. It should also serve to enhance cooperation in the area of training for local and indigenous communities to improve their use of natural resources and explore ways for the protection of traditional knowledge, so as to upgrade their capacity to fully benefit there from. In light of the urgency for an effective international legal regime to control the impacts of climate change and to strengthen financial and technical cooperation between developed and developing countries in this field, we call for an early action by all Annex I Parties to operationalize the Kyoto Protocol. We reiterate the need to address institutional weaknesses and to develop options for strengthened international environmental governance in the broader context of sustained economic growth and development.

28. We note with apprehension the danger posed to public health and the environment arising from the use of Depleted Uranium (DU) ammunition in conflict situations. We therefore call on all parties in conflict situations to refrain from using these weapons.

29. We reaffirm our commitment to deepen and broaden South-South cooperation as a strategy for collective action among developing countries, including enhanced intra G-15 cooperation and consultations to facilitate a higher level of trade and investment flows between our countries, and with other developing countries. We remain convinced that South-South cooperation will enable our countries to take advantage of existing and potential complementarities in our economies and act as an anchor for our efforts towards restructuring

international economic relations and the strengthening of the world economy. We stress the importance of sub-regional and regional economic arrangements among developing countries in order to achieve higher levels of development and to enhance South-South cooperation. In this respect, we reaffirm our support for the Global System of Trade Preferences (GSTP) process and call for early implementation of the results of the Second Round of the negotiations.

30. We underscore that G-15 projects and other cooperative endeavours need to be further promoted to strengthen cooperation among developing countries. We therefore acknowledge the importance of strengthening our national programmes and policies as well as recent efforts undertaken to enhance the implementation of G-15 projects, including the recognition of the need for forward looking and results-oriented approach, and the elevation of cooperation and networking among the private sector of G-15 member countries. In this context, we welcome the outcomes of the recent meetings of the G-15 Federation of Chambers of Commerce, Industry and Services (FCCIS), in New Delhi, India and Jakarta, Indonesia, in the year 2001; the 4th Meeting of National Focal Points on G-15 Project on Solar Energy Applications, in New Delhi, India; and the G-15 Expert Meeting on SMEs and the G-15 Expert Meeting on G-15 Capital Markets in Cairo, Egypt in the year 2001.

31. New proposals for cooperation among G-15 countries have been submitted during the XI Summit meetings. These relate to cooperation in different areas of common concern. We emphasize the need for detailed project formulation in these areas so that these proposals can be thoroughly examined by G-15 members and taken up for possible implementation.

32. We acknowledge the vital role of public sector manpower in the delivery of public services to our populations and the provision of a conducive macroeconomic policy environment for enhancing economic activities. To this end, we undertake to work towards strengthening cooperation in human resource development among G-15 member countries, through a holistic and practical approach to sharing of resources, expertise and experiences in the area of public sector management.

33. We undertook an appraisal of the objectives, orientations and functioning of our Group and agreed on additional steps to fine-tune and revitalize the procedures and mechanisms for consultations and cooperation among our countries. We are therefore committed to improve the efficiency of the mechanisms of the Group, to further enhance its dynamism and effectiveness in attaining the full accomplishment of its goals and objectives.

34. We stress the necessity to give more impetus to South-South Cooperation in light of the increasing tendency of the prevailing global economic arrangements to serve the interest of the developed countries. We also recognize the need to identify practical measures to facilitate a higher level of trade, investment and technology flows among member countries of our Group, and we acknowledge the imperative for a sombre reflection and the revitalization of the G-15 to better attain its founding objective of serving as a catalyst of developing countries. To this end, and aiming to increase the efficiency of the G-15 in the implementation of its decisions, we agree to establish a Commission and invite the incoming Chairman of the G-15, the President of the

Bolivarian Republic of Venezuela, to expeditiously elaborate on the matter and to carry out consultations and make recommendations to the other Heads of State and Government. The Ministers of Foreign Affairs of the G-15 will act on the implementation of the agreed recommendations.

35. We recognize that increasing interdependence among countries and the emergent challenges of globalization require effective North-South dialogue on international development cooperation towards alleviating the systemic problems confronting developing countries. The spirit of partnership and common but differentiated responsibilities should underpin international efforts to address the difficulties encountered by developing countries in the areas of international trade and finance, the transfer of technology as well as bridging the digital gap.

36. In light of these compelling realities, we reaffirm our commitment to promote a more meaningful North-South dialogue on international cooperation for development, including to upgrade the level of such dialogue. To this end, we note with keen interest, the pledge by the G-8 countries in the course of their Okinawa Summit in 2000, to engage in a new partnership with non-G-8 countries, particularly developing countries, in bringing the opportunities of the new century within reach of all. In this spirit, we continue to value the necessity for constructive dialogue with the G-8 in order to strengthen international cooperation for development.

37. We continue to recognize the threat posed by terrorism to the territorial integrity of countries, democratic institutions, economic growth and development as well as international peace and stability. Of particular concern is the growing linkage of terrorism to drug and arms trafficking and extremism. We condemn terrorism, irrespective of political, philosophical, ideological, religious, ethnic, racial or any other consideration that may be invoked to justify terrorist acts. We also condemn states that aid, abet and directly support cross border and international terrorism including fund raising for terrorist activities. We call upon the international community to intensify its efforts to combat international terrorism. We also reiterate our resolve to strengthen the international consensus and legal instruments against terrorism, including the urgent conclusion and effective implementation of a Comprehensive Convention on International Terrorism. We welcome the United Nations' decision to convene, in July 2001, a Conference on the Illicit Trade in Small Arms and Light Weapons in all its Aspects. This illicit trade is linked to greater casualties in conflict situations, organized crime, terrorism and narco-trafficking. We, urge all States to participate in this important Conference to seek collectively to devise effective measures to address this grave problem.

38. In welcoming Colombia and the Islamic Republic of Iran as new members of the Group of Fifteen, we express the conviction that both countries will make significant contributions towards furthering the attainment of the objectives of the Group.

39. We express our deepest appreciation to Indonesia for its able and effective leadership of our Group during its Chairmanship. We thank the people and the Government of the Republic of Indonesia for their warm hospitality and the excellent arrangements provided for the successful holding of the Eleventh Summit of the Group of Fifteen.

40. We welcome with appreciation the generous offers by the governments of Venezuela to host the Twelfth Summit of the G-15 in the year 2002 and of Algeria to host the Thirteenth Summit in the year 2003. We look forward to our next meeting in Caracas and subsequently in Algiers.

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GROUP OF FIFTEEN
The Summit Level Group of Developing Countries

JAKARTA DECLARATION ON INFORMATION AND COMMUNICATION TECHNOLOGY FOR DEVELOPMENT

Jakarta, Indonesia, 30-31 May 2001

1. We, the Heads of State and Government of the Group of Fifteen, meeting in Jakarta on 30-31 May 2001, recognize that information and communications technologies (ICT) are central to the emergence of a knowledge-based economy and information society. In conjunction with the basic elements for development, ICT has the potential to accelerate sustained economic growth and promote sustainable development in developing countries. In order to achieve the objectives of development, ICT-driven economic transformation should be geared toward empowering, local communities, and individuals to enable them realize their potentials and aspirations. We are however deeply concerned that, at present, the huge potential of ICT for advancing development is largely eluding most developing countries resulting in a growing digital divides.

2. We affirm that for ICT to serve the cause of development, there is an urgent need to address the major impediments to the participation of the majority of the peoples in developing countries in the ICT revolution. To this end, we consider it a priority to evolve concerted actions at the national, regional and international levels to remove impediments related to lack of infrastructure, local content, training, capacity-building, investment, connectivity, modern technology and appropriate policy framework.

3. We consider it important that national programmes should aim at mainstreaming ICT into a national development strategy and be defined and implemented on the basis of national priority. This should be undertaken to promote infrastructure development, investment, enhance national institutions and capacities, generate local content, as well as facilitate widespread access to ICT for development. To complement these efforts, there is a need for regional action to pool resources and exchange experiences to facilitate the integration of developing countries into the new global economy and information society. We therefore urge the international community, particularly developed countries, to demonstrate their commitment to promote digital opportunities for all through innovative approaches and partnerships between government, private sector, civil society and NGOs. This effort should be geared towards facilitating affordable access to new technologies on favourable terms, improved market access for exports from the South and enhanced capital and investment flows to developing countries, on a sustainable and stable basis. To this end, multilateral development institutions and developed countries should encourage and strengthen ICT-related applications and local industry in developing countries through investment, transfer of technology, education and training, development of institutional and appropriate policy framework, as well as support for national programmes at harnessing the potential of the ICT for development.

4. We are convinced that unless there is a common vision and adequate as well as timely international cooperation to bridge the digital divide, the information and knowledge revolution could increase economic inequalities among and between peoples, countries and regions of the world. We therefore welcome the various international initiatives to enhance the capacity of developing countries to take advantage of the development opportunities presented by ICT. In this regard, we acknowledge the efforts of ECOSOC 2000 in bringing the issue of ICT for development to the forefront of the UN agenda and in raising the awareness of its potential for development. We also appreciate the adoption of the Council's Ministerial Declaration on harnessing ICT in the service of development and ongoing initiative of establishing a UN ICT Task Force for carrying this critical process forward. We express our support for ITU's initiative to convene a World Summit on the Information Society to be held in 2003. We hope that the activities of the G-8 Digital Opportunities Task Force (DOT Force) will benefit all developing countries, including G-15 countries. We acknowledge the importance of E-Commerce and its implications for the developing countries, and within the WTO, we recognize the need for the continuation of the study process on the trade-related aspects of global E-Commerce without prejudice to the outcome of this process or any deliberations in this regard.

5. As the Group of Fifteen addresses issues related to the ICT, including the question of access to worldwide information networks such as Internet, due attention should be given to the preservation of cultural diversity, privacy and other aspects of "Info-ethics". We call upon the international community to bear these aspects in mind in dealing with ICT issues.

6. In light of the challenges and opportunities presented by the digital era, we agree on the establishment of a G-15 Task Force on ICT to elaborate the modalities for the implementation of a framework of cooperation and collaboration on ICT, including the proposal to establish a G-15 Online Resource Center, and to provide coordinated actions and responses to enable our countries and other developing countries to participate in the various international ICT initiatives in a way that is beneficial to developing countries. Accordingly, we mandate our Personal Representatives to follow-up this decision, taking into account the outcome of the Expert Group Meeting on ICT, held on 18-19 April 2001 in Jakarta, and to report to our Twelfth Summit in Caracas in 2002.

7. We call the international community to join us in evolving a common vision and realistic approaches to promoting partnerships among all stakeholders to make digital opportunities a reality for all.

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THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE DECADE 2001–2010: PROGRESS TO DATE IN THE IMPLEMENTATION OF THE ELEMENTS OF THE BRUSSELS DECLARATION AND THE PROGRAMME OF ACTION THAT FALL WITHIN THE PURVIEW OF UNCTAD

CONTENTS

Introduction 2

I. The Third UN Conference on LDCs (UNLDCIII) 3

II. Progress to date in the implementation of the elements of the Brussels Declaration and the Programme of Action that fall within the purview of UNCTAD 4

III. The way forward 9

IV. Conclusion 11

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INTRODUCTION

1. This note, divided into four sections, provides a review of progress to date in the implementation of the elements of actions of the Brussels Declaration and Programme of Action (PoA) for LDCs for the decade 2001-2010 that fall within the purview of UNCTAD. Section I provides the highlights of the Brussels Conference and its outcome, section II describes implementation-related activities undertaken by UNCTAD, section III deals with the way forward in implementing the Brussels Declaration and the PoA, and section IV provides concluding remarks.

Chapter I

THE THIRD UN CONFERENCE ON LDCS (UNLDC-III)

2. The Third United Nations Conference on Least Developed Countries was a success in: (a) drawing global attention to, and bringing into sharp political focus, the complex development challenges facing LDCs; (b) reaffirming the commitment and determination of the international community and the LDCs themselves to significantly improve the human and economic conditions in LDCs during the present decade and to make substantial progress toward halving the proportion of people in extreme poverty by 2015; (c) ensuring ownership of LDCs in designing development policies and strategies while providing a forum for dialogue and consensus building among all stakeholders and actors in the development process; (d) clearly identifying and quantifying a number of development goals and targets along with specific actions by LDCs themselves and by their development partners; (e) initiating specific and concrete actions in favour of LDCs in the context of "early deliverables"; and (f) providing comprehensive arrangements for implementation, follow-up and monitoring at national, sub-regional, regional and global levels.

3. The Conference adopted a political declaration (the Brussels Declaration) and the PoA for Least Developed Countries for the decade 2001–2010. The Brussels reaffirms the collective responsibility of the international community to uphold the principles of human dignity, equality and equity and to ensure globalization becomes a positive force for all the world's people as set out in the Millennium Declaration.

4. The PoA provides specific goals and targets along with action-oriented commitments in seven critically important areas: (1) fostering a people-centred policy framework; (2) good governance at national and international levels; (3) building human and institutional capacities; (4) building productive capacities to make globalization work for LDCs; (5) enhancing the role of trade in development; (6) reducing vulnerabilities and protecting the environment; and (7) mobilizing financial resources. An important and unique feature of this PoA is that it clearly indicates complementary actions between LDCs and their development partners. The commitments undertaken and the actions identified in the Programme of Action, if fully and effectively implemented, will improve the difficult social and economic conditions faced by LDCs.

Chapter II

PROGRESS TO DATE IN THE IMPLEMENTATION OF THE ELEMENTS OF THE BRUSSELS DECLARATION AND THE PROGRAMME OF ACTION THAT FALL WITHIN THE PURVIEW OF UNCTAD

5. The challenges in implementing the commitments contained in the PoA are enormous and complex. The first task ahead is to strengthen the partnership between the LDCs and their development partners and to ensure that the constraints and problems of implementation which bedeviled the previous two PoAs are not be repeated and that the commitments and actions contained therein are respected and fully implemented. The second challenge is to mobilize all stakeholders and actors in development, both at the national and international level, to fully and effectively implement the commitments of the PoA that fall under their respective mandates and competence. Effective implementation requires among other things coordination between and among the LDCs and their development partners. At the national level, each LDC should translate policies and measures of the PoA into operational programmes within the framework of the national PoA. At the international level, a strengthened and coordinated effort on the part of bilateral donors, organs and organizations of the UN system including the Bretton Woods Institutions and the World Trade Organization in implementing commitments and actions agreed in Brussels is required. Other developing countries, in the context of South-South cooperation and through bilateral cooperation are also expected to assist LDCs in achieving the overarching objectives of the PoA.

6. For its part, UNCTAD has within its mandate and competence, commenced implementation of the Brussels Declaration and the Programme of Action. The implementation initiatives undertaken by UNCTAD fall within its main areas of activities namely: research and analysis, advocacy and consensus building, and technical cooperation and capacity-building. *The Least Developed Countries Report 2001* addresses issues concerning the specificity of the problem of poverty in LDCs and ways in which effective and strengthened partnerships between the LDCs and their development partners can contribute toward achieving the overall objectives of UNLDC-III. The Office of the Special Coordinator has already made an initial appraisal of where the LDCs and their development partners now stand in relation to the quantifiable development goals agreed in the PoA for LDCs, for the current decade. A paper entitled *"Development Goals of the Programme of Action for the Least Developed Countries for the Decade 2001–2010: Towards a set of indicators to monitor progress"* is before the current session of the Trade and Development Board. This is oriented towards providing a baseline from which the implementation of the outcomes of the Programme of Action can, over time, be assessed. UNCTAD has also prepared a report on *"Economic Development in Africa: Performance, Prospects and Policy Issues"* as part of its work programme on Africa and more specifically the assessment of the implementation of the UN New Agenda for the Development of Africa for the 1990s (UN-NADAF). This report, launched 11 September 2001, clearly depicts the difficult socio-economic situation of sub-Saharan African countries – the substantial majority of which are LDCs. The forty-eighth session of the Trade and Development Board and the fifty-sixth session of

the General Assembly will deliberate over the study, its findings and on its policy implications to the African countries – 34 of which are LDCs

7. In accordance with its mandates from the General Assembly to support the implementation of the Barbados Programme of Action and in pursuance of its ongoing comprehensive examination of the impact of globalization and trade liberalization on the economies of small island developing States (SIDS), UNCTAD will continue to assist these countries. In addition to the research and analysis as well as the various technical assistance activities UNCTAD has undertaken in individual SIDS, the Office of the Special Coordinator is currently preparing a publication entitled: "*Small Island Developing States: Issues of Vulnerability and Economic Opportunities*". The study, will cover in 14 chapters, various aspects including: vulnerability to external shocks, structural handicaps, SIDS potential for graduation from the LDC status, economic specialization, multilateral trade liberalization, regional integration in the Caribbean and Pacific, trade and environment, foreign direct investment, the music industry, information technology and SIDS and the ACP-EU partnership.

8. On further activities related to the implementation of the commitments agreed at Brussels, particularly commitment 5 (Enhancing the Role of Trade in Development), and pursuant to the Bangkok Plan of Action, UNCTAD provided substantive and technical support for the meeting of LDC Trade Ministers which took place, in Zanzibar, United Republic of Tanzania, from 22 to 24 July 2001. The meeting, which was organized at the invitation of the Government of the United Republic of Tanzania, had the objective of preparing LDC's for the Doha WTO Ministerial Conference to take place November of this year. The meeting was successful in forging a common position on the LDC agenda for the Doha Ministerial Conference and beyond. Its timing was also fortuitous, with an important level of representation, particularly in deliberations on issues related to the multilateral trading system and the place of LDC's in the global economy. In this connection, participants took the view that "the 4th WTO Ministerial Conference should result in a clear commitment to implement the Brussels Declaration and the Programme of Action in letter and spirit". Regarding the level of participation, 43 of the 49 LDC's were represented by their respective trade ministers and other senior officials. There were 136 participants from LDCs and 22 from specialized agencies, organs of the United Nations system and the WTO. One regional and one international NGO also attended the meeting as observers. This was the highest turnout of LDC representatives for a preparatory process of a WTO Ministerial Conference.

9. After intensive deliberation on existing WTO agreements, the LDC Ministers emphasized that "the 4th Ministerial Conference should further make significant movement in addressing implementation issues, confirmation of the principles of special and differential treatment and trade policy flexibility to accommodate the interest of the Least Developed Countries and a commitment to ensure an inclusive and transparent negotiating process, before, during and after the Doha Conference". Furthermore, the Ministers also took the view that "the scope of future multilateral trade negotiations will have to take into account the inability of LDCs to participate effectively in negotiations on a broad agenda and implement new obligations due to the well known limited capacity of the LDCs".

10. The meeting adopted the Zanzibar Declaration and "negotiating objectives and proposals" with a view to articulating LDCs' development agenda at the 4th WTO Ministerial Conference and during the ensuing negotiations. The Declaration and the accompanying "negotiating objectives and proposals" will be submitted to the Doha Ministerial Conference, as mandated by the Ministers. The proposals encompassing such issues as market access, implementation, the "built-in agenda", new issues and special and differential treatment were submitted to the WTO General Council Meeting, which took place on 30–31 July of this year. Ministers also decided to institutionalize the LDC Trade Ministers' Meeting to take place every two years to precede the WTO Ministerial Conference. In addition to the meeting of LDC Trade Ministers, at the request of Governments and as part of the ongoing work programme, UNCTAD has organized national seminars and workshops in Togo, Niger, Mali and Chad in preparation to the 4th WTO Ministerial Conference.

11. Similarly, pursuant to paragraph 11 of General Assembly resolution 54/199, the Secretary-General of the United Nations convened, in New York, from 30 July to 3 August 2001, the Fifth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries, Financial and Development Institutions. UNCTAD, in accordance with its mandate contained in the various General Assembly resolutions, the Bangkok Plan of Action and the provisions of the Brussels Programme of Action for LDCs on landlocked and transit countries, provided substantive and technical support for the meeting. Some 200 experts from 60 landlocked and transit developing countries and donor countries and from 11 financial and development institutions participated in the Meeting and dealt with the physical and non-physical aspects of transit trade. Experts deliberated at great depth on the physical aspect of transit trade and associated problems including: poor transport infrastructure, absence of storage and other trade-related facilities, lack of territorial access to the sea, remoteness and isolation from the world market and from the global production networks, the resulting high transit cost, and the impact on competitiveness and on overall socio-economic development of landlocked developing countries. The non-physical aspect of transit-trade problems highlighted by the experts include, among other things: lack of harmonization, simplification and standardization of rules and documents; lack of flexibility and poor transport organization and management, as well as proliferation of Government controls. The interactive Round Tables on Infrastructure Development and Sub-regional Cooperation, moderated by the World Bank and UNCTAD respectively were attended by a large number of participants and covered a wide-range of issues on this topic that are of direct concern to landlocked and transit developing countries.

12. The experts also recommended measures and concrete actions required at national, regional, sub-regional and international levels to alleviate the severe constraints facing landlocked countries, which were unanimously adopted (TD/B/LDC/AC.1/L.7). The agreed conclusions and recommendations contain many far-reaching and innovative policy measures and actions which landlocked and transit developing countries should implement, with the support of their development partners, in order to adequately address the physical and non-physical aspects of transit trade.

13. The meeting also recommended the convening of an International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and Representatives of International Financial and Development Institutions in 2003 in Kazakhstan. Given the fact that 16 LDCs are also landlocked and because transport plays a critical role in their development and in promoting national, regional and international trade, this recommendation is important and timely. In this context, the involvement of all stakeholders, particularly of the private sector, was emphasized. The UNCTAD secretariat was requested to undertake substantive and organizational preparations for the proposed Ministerial Meeting. The meeting also requested the UNCTAD secretariat to assist in the implementation of the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing countries and the donor community, which will be reviewed during the forthcoming ministerial meeting. The World Bank and other Regional Development Banks were also requested to cooperate with UNCTAD in providing substantive and organizational support for the above-mentioned meeting.

14. The Brussels Conference, particularly in the context of "deliverables", proposed the organization of a special conference devoted to issues related to energy market volatility and strategies to mitigate the adverse consequences of such volatilities on the economies of the LDCs. With the financial support of the Government of Austria and in collaboration with UNIDO, UNCTAD is to organize a *Conference on Efficient Hydrocarbon Pricing and Procurement and Managing Oil Price Volatility in LDCs* in Vienna, Austria, from 30 January to 1 February 2002. The Conference will address many interrelated issues including: the role of energy for competitiveness, growth and development, ways and means to cope with the vagaries of the oil market, innovative ways of attracting finance for development especially FDI into the LDCs energy chain, oil pricing policies for energy sector, efficiency and best practices for efficient oil procurement and financing, and other issues of interest. The Conference is expected to attract key decision makers and experts from public and private sectors of LDCs, international agencies and companies involved in the LDCs' oil and gas sector as well as from developing and developed countries. The aim of the Conference is to provide LDCs with concrete and realistic measures to establish efficient pricing and procurement systems for hydrocarbon products, mitigate the impacts of oil price volatility on LDCs' growth and development prospects, define ways and means to mobilize financial resources for investment in energy sectors of LDCs and design long-term strategies to absorb such shocks.

15. Research by UNCTAD and other international organizations, notably the World Tourism Organization, have clearly indicated that LDCs have enormous potential and comparative advantages in the tourism sector. The potential of the sector in transforming the economies of the LDCs and in contributing to the overall socio-economic development of LDCs, particularly, through employment creation and income generation, is huge. In this regard and in the context of the relevant actions contained in the Brussels Programme of Action, UNCTAD and the World Tourism Organization will intensify their collaborative efforts in assisting LDCs to enable them take advantage of the existing potential in global market opportunities of the sector. To this end, and with the objective of implementing the PoA and the Canary Island Plan of Action adopted by pre-conference Ministerial

Meeting on Tourism, a delegation of the World Tourism Organization met with the Secretary-General of UNCTAD on 5 July 2001. An agreement was reached between the two organizations to convene the *First International Forum on Tourism in the Least Developed Countries* in Berlin in March 2002. The forum will be organized back-to-back with the second expert meeting on tourism in LDCs, which will be convened jointly by UNCTAD and the WTO. The forum, which is expected to provide an institutional and substantive platform of action for the Brussels Programme of Action for LDCs, is timed to take place on the fringe of the annual International Tourism Bourse (ITB) of Berlin, scheduled to take place from 16 to 20 March 2002. The Forum and the Expert Meeting are expected to bring together key policy-makers, experts and suppliers of tourism services from LDCs and their development partners, including from the private sector.

16. With regard to technical cooperation and capacity building activities of UNCTAD in LDCs, landlocked developing countries and small island developing States, efforts are being made to strengthen the ongoing projects and programmes and mainstream recommendations arising from the Brussels Conference. For example, in implementing the deliverables of the Conference in the area of investment, preparations are under way for the first follow-up meeting of the investment advisory council for East and Southern Africa, scheduled for early next year. The United Republic of Tanzania has offered to host this Meeting of the Advisory Council in Dar-es-Salaam. Similarly, a training seminar was organized for francophone LDCs in Egypt from 5 to 16 June 2001. This training seminar was attended by experts from Benin, Burkina Faso, Burundi, Cape Verde, Comoros, Congo, Guinea, Madagascar, Mali, Mauritania and Lao People's Democratic Republic. Another training seminar is to take place in India from 19 to 30 November for Asia and Pacific LDCs. Also, a new round of negotiations for English-speaking LDCs on bilateral investment negotiations is scheduled for 1 to 6 October 2001 in Bonn, Germany. Cambodia, Eritrea, Ethiopia, Lesotho, Malawi, Mozambique, Sierra Leone, Sudan, United Republic of Tanzania, Uganda and Zambia have confirmed their participation. Other capacity building projects in the context of the Multi-agency Technical Assistance Programme and UNCTAD's ongoing activities in the area of investment, technology, enterprise development and LDC investment guides, among others, have been initiated in 36 LDCs.

Chapter III

THE WAY FORWARD

17. The Brussels Declaration and the Programme of Action reaffirm the collective responsibility of the international community and the LDCs themselves to arrest and reverse the decline in socio-economic conditions in LDCs, to reactivate and accelerate growth and development in these countries, and in the process, to set them on the path toward sustained growth and sustainable development. The implementation of the commitments contained in these two major documents should be based on the fundamental principles agreed at the Brussels Conference.

18. The PoA, in its paragraph 116, has requested the Secretary-General of the United Nations "to submit to the General Assembly at the fifty-sixth session his recommendations for an efficient and highly visible follow-up mechanism including the possibility of transforming the current Office of the Special Coordinator for the Least Developed, Land-locked and Small Island Developing Countries into an Office of High Representative for Least Developed, Land-locked Developing Countries and Small Island Developing States. While institutional arrangements and activities related to follow-up will be seen in light of the recommendation of the Secretary General of the UN and the decision of the General Assembly, substantive issues of interest and importance to these countries should be implemented in an intensified manner.

19. In this context and with a view to fully and effectively implementing the Brussels Declaration and the Programme of Action, UNCTAD has also developed a "roadmap". This roadmap's prime objective is to provide a general guideline to enable different stakeholders to identify practical ways to implement different elements of actions falling under their respective mandates and competencies, including through actions at the national, sub-regional, regional and global level. The roadmap also calls for the concerted efforts of the LDCs themselves and their development partners, including civil society, to realize the objectives of the Brussels Conference through the full and effective implementation of actions identified under the seven areas of commitments contained in the PoA. It identifies clearly sequenced priorities and strategies for the implementation of the PoA by conducting inventories of the situation in relation to the goals and actions agreed at Brussels in the seven areas of commitments in the PoA.

20. Another dimension of the roadmap will provide mechanisms for the participation of stakeholders at the national, sub-regional, regional and global level. At the national level, this implies strengthening the Local Development Forum established in the preparatory process for the UNLDC III. The Local Development Forum included national preparatory committees, resident representatives of the UNDP, the World Bank and other UN organizations with field structures, the European Union, bilateral donors and other local stakeholders. At the sub-regional and regional level the participation of regional UN commissions, regional development banks together with the Local Development Forum is of paramount importance. The roadmap will also provide for a concerted and coordinated effort of all the actors in development by, among other things, mainstreaming the

commitments of the PoA into the intergovernmental machinery of various UN and other international organizations and into their work programmes. It will also emphasize the critical need for closer cooperation between and among Geneva-based specialized agencies, organs of the United Nations system and the WTO. The roadmap concept has already commanded wide appreciation and acceptance among various stakeholders as a step in the right direction and the way forward for the full and speedy implementation of the PoA.

Chapter IV

CONCLUSION

21. As frequently noted during the preparations for the Third UN Conference on LDCs, there are important lessons that could be drawn from the implementation experiences of previous Programmes of Action. First, development problems facing the LDCs are complex and multifaceted and their resolution requires concerted efforts of the LDCs themselves and the international community. Second, there is need for a clearly defined operational plan showing the actions and roles of stakeholders in implementing the various commitments contained in the PoA with properly sequenced priorities and coordinated actions at the national, regional and global level. Finally, success in attaining the objectives of the PoA will require effective functioning of the arrangements for the continuous monitoring and review of progress in implementation. This will also contribute to a coordinated follow-up and monitoring of the implementation of the outcomes of major global summits and conferences as they relate to LDCs.

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ADOPTION OF THE REPORT ON CREDENTIALS

Report of the Bureau

1. The Bureau met on 11 October 2001, in accordance with rule 17 of the rules of procedure of the Trade and Development Board, to examine the credentials of representatives participating in the forty-eighth session.

2. The UNCTAD secretariat informed the Bureau that credentials of representatives, as provided in rule 17 of the rules of procedure, had been received for the forty-eighth session of the Trade and Development Board.

3. The President proposed that the Bureau accept the credentials of representatives participating in the forty-eighth session of the Trade and Development Board.

4. The Bureau found the credentials of the representatives to be in good order.

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